ANNUAL REPORT

CARNEGIE CORPORATION OF NEW YORK

1954

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30

1954

CARNEGIE CORPORATION
OF NEW YORK

589 FIFTH AVENUE, NEW YORK

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From the President's Office

A Time for Decision in Higher Education

In nineteen hundred and fifty-four, informed Americans became aware of the impending crisis in higher education. They have yet to examine the questions which that crisis poses.

In its broad outlines the nature of the crisis is familiar. The flood of students resulting from the greatly increased birth rates of the nineteen-forties will reach the colleges in the sixties. The near doubling of student enrollments will put intolerable pressure on classroom and living facilities. An army of new teachers will be required. New institutions will be needed to accommodate the advancing waves of students; old institutions will have to be enlarged. The financing of higher education will become a problem of the gravest importance.

These developments will raise serious educational issues; and the way in which these issues are decided will shape the future of higher education in America. If they are understood by educators and by citizens, the trials of the years ahead may be successfully met. If we are clear as to what we want from higher education, if we foresee the consequences of alternative courses of action, and if we act with even moderate courage and decision, we need not worry about the outcome. The danger is that we shall do none of these things.

As everyone knows, we have in this country a thoroughly decentralized educational system. There is no *national* educational system. Even within the individual states, there is no single body which controls all of education. American higher education is characterized by the same dispersion of decision-making power which is common to so many other aspects of our national life. The major decisions with respect to the future of higher education will have to be made by widely scattered groups and individuals. This means that thoughtful Americans generally will have to be clear in their minds about these problems if we are to achieve rational solutions to them.

What are the crucial issues? They may be summed up in terms of four questions: 1) Who should go to college? 2) What kinds of education should be provided? 3) How can we avoid the worst effects of "mass production" in education? and 4) How shall we pay for it all?

What follows is not an attempt to provide answers; it is simply an attempt to state the issues and to suggest terms of discussion.

Who Should Go to College?

Suppose that we follow the school careers of one hundred American boys and girls chosen at random. Assume that current rates of school and college attendance remain constant. Almost all of our group will enroll in the first grade of elementary school, but by the end of the eighth grade, approximately twenty will have dropped out.

Two years later, at the end of the first two years of high school, almost another twenty will have dropped out. And several more will leave before high school graduation. Of the original one hundred, only about fifty-nine will be graduated from high school.

Of these fifty-nine high school graduates, about thirty will enter college and approximately twelve will be graduated from college.

There are those who believe that in sending thirty per cent of our eighteen-year-old population to college we are already far exceeding the appropriate figure. The corresponding figure for Britain today would be roughly five per cent. There are others who believe, as did the President's Commission on Higher Education (1947), that as

many as forty-nine per cent should complete a two-year college course and thirty-two per cent should go on to complete four years of college.

Those who favor limiting the percentage of youth attending college believe that college education should be characterized by high stand-

Comparison of College Enrollments

proportion of 18-year-old population

ards of performance and available only to those capable of such performance. They believe that, in increasing the percentage, colleges have permitted a disastrous lowering of standards. They are worried by the use of mass production methods and argue that in seeking to educate such very large numbers we end up by educating virtually no one.

Those who favor college education for even higher percentages of our youth are less worried about the maintenance of standards and more optimistic in their estimates of student capabilities. They believe that the nature of our society is such that it requires a much increased exposure to college education and they see more widespread enrollment in higher education as a sound investment for the nation.

There is no peace between the proponents of those opposing views. Nor is there likely to be. No formula exists which will yield an objective answer as to the "right" percentage. Some of the facts necessary for such an answer are unknown to us. And even if the facts were available, there would remain certain imponderables against which no one can set precise values. Accordingly, each man is free to argue for the percentage which fits his sentiments.

In the long run, our ability to give an intelligent answer to the question "Who should go to college?" depends on the extent to which we succeed in thinking clearly about certain underlying considerations —the distribution of abilities in the population, our tradition of equality of opportunity, the levels of advanced training which our kind of society demands, the true potentialities of college as a factor in individual development, and our ability to pay for what we want.

When college and university people are asked what level of intelligence is required for completion of a four-year college course, they are apt to mention something in the neighborhood of an I.Q. of 110. The relation of mental test score to success in college may best be described in terms of probabilities. If a youngster has an I.Q. of 80 there is little likelihood that he will succeed in college, while if he has an I.Q. of 180 the likelihood is very great indeed. If he enters college, the youngster of I.Q. 110 has just about a fifty-fifty chance of completing the four-year course in a college of average difficulty. He can improve his chances, of course, by selecting a college with very low standards, or by being exceptionally industrious.

Roughly twenty-five per cent of the population scores at I.Q. 110 or over, and many regard this as the "right" percentage of the eighteen-year-old population to go to college. But obviously it is an arbitrary figure. Some regard I.Q. 115 as a more suitable level, and that would limit us to about eighteen per cent of the population. The President's Commission regarded something in the neighborhood of I.Q. 108 as the appropriate figure, which would include thirty-two per cent of the population.

Such figures can be quite misleading, however, with respect to the actual state of affairs. There are large numbers of students who attend —and complete—college who have I.Q.'s below 100, and there are large numbers of students of truly brilliant intellectual quality who do not attend college at all! Indeed, of the top two per cent in intelligence, only about two out of three go to college. Much more important than fixing the precise percentage that should attend college is to do a better job of selecting those who can profit most from college.

Our traditional convictions concerning the equality of opportunity incline us to be as generous as possible in admitting young men and women to college. Our basic commitment in this regard is unequivocal: Every youngster should be given the opportunity to develop what talents he possesses.

On the other hand, we send great numbers of our youth on to college each year without any clear conviction that they are qualified for it, and without any clear notion as to what they will get out of it, but simply in pursuance of a vague notion that "college is an opportunity that should not be denied them." This makes no sense at all. The root of the difficulty, of course, is the tendency arbitrarily to define college as a valuable experience, regardless of the individual's level of talent and regardless of the kind of program offered. Actually, college may be a highly valuable experience, a barren experience, or an injurious experience. The decision must be made in terms of the individual's capacities and motivations on the one hand and the kind of educational program offered on the other.

What Kinds of Education Should Be Provided?

Underlying most of the arguments as to who should go to college are differing assumptions as to the appropriate nature of a college education. Those who are most alarmed by the rapid increase in percentage of youth going to college tend to think that college should be a fairly rarefied and arduous intellectual experience built around rigorous fundamental courses in the traditional fields of learning.

Those who are least alarmed by the trend of events are those who take the relaxed view that college can and should teach just about anything that might prove interesting or useful to any citizen: vocational courses, courses in health, personal adjustment, social adjustment, how-to-do-it courses, and so on.

Our higher education today encompasses both alternatives quite handily; but as everyone knows the trend has been away from the former and toward the latter. How far this trend will continue remains to be seen. There is little likelihood that it will be reversed.

In short, whether vocational, "practical" subjects should be retained in the college curriculum is not in question. They will continue to flourish. What is in serious question is whether the fundamental core of liberal learning will survive in any but a few institutions. An extraordinary effort would have to be made to ensure even modest gains in this direction. Indeed, it will require great effort not to lose ground.

Much attention has been given to the question of whether the undergraduate years of higher education should give primary emphasis to the liberal arts or to technical, professional, and other specialized, vocationally-oriented curricula. Perhaps the most important observation to be made in this connection is that the liberal arts are not incompatible with a considerable degree of specialization and professional orientation. The two can live together.

The vocational and technical emphasis in our higher education has been a source of deep concern to some critics of American higher education. And there are grounds for their concern, in view of the fact that higher education has other important objectives which may be submerged if we pursue vocational aims too narrowly. But the critics must recognize that this emphasis is not wholly a matter of choice. There are other nations which do not place insatiable demands upon their higher educational systems for men of specialized training; ours does. There are societies in which the primary objective of college students is to equip themselves with the traditional marks of a well-defined "educated class," with the assurance that membership in that class will lead to preferment. Our students have a wholly different problem. Identification as a member of the educated class won't butter their bread. They must find an economic and social role on their own, and this means competition in the job market. To have it otherwise would be to have a different sort of society. We cannot have it both ways.

But technical, professional, and other forms of specialized education *can* live with the liberal arts, and it is essential to the future of our higher education that we make them do so. No institution of higher education, no matter how vocational, should be without a strong

admixture of the liberal arts. The liberal arts should not be sequestered in separate institutions but should have a vital place in every institution of higher education. They should be available to the student in the business school, the school of agriculture, the technical institute —wherever he chooses to go.

There are two ways of thinking about a liberal education: one has to do with subject matter—with those fields of knowledge which are concerned with man's experience; the other has to do with teaching methods—with those methods which liberate and temper the mind. When we speak of a liberal education we should mean both things: the fields of knowledge which are the treasury of man's experience and the methods of teaching which liven and liberate his mind. No student in American higher education should miss either of these experiences, no matter what college he attends.

The Perils of "Mass Production"

In our national enthusiasm for higher education we have poured great numbers of young people into our colleges and universities. And though these institutions have done a valiant job of accommodating the flood of students, everyone knows the unfortunate consequences: incredibly large institutions, theater-sized classes, production-line methods, absence of individual treatment, and student anonymity.

With the tremendous expansion anticipated over the next decade, such conditions might be greatly intensified. But though we must reconcile ourselves to the fact of large numbers, we need not reconcile ourselves to these conditions. We have moved toward more and more enormous institutions, but this is not a necessary outcome. We have developed mass production methods which "process" very large numbers of students with a minimum of personalized attention. Such methods are by no means necessary.

Any reversal of the trend toward huge institutions and regimental-sized classes will require a considerable degree of determination and of organizational ingenuity, but it can be accomplished if we care enough about accomplishing it. And we had better care. The crowding

which our institutions will face in the years ahead could destroy significant individual learning and turn our institutions into mockeries of higher education.

This does not by any means require the reflexive avoidance of so-called "mass media." It is possible, indeed most probable, that films and television—properly handled—can ultimately play a creative and significant role in our higher education. But such methods must be used imaginatively and they must never be used as a complete substitute for the face-to-face interaction between an able teacher and an interested student.

One of the most familiar difficulties in dealing with very large numbers has been the lack of attention to young men and women of exceptional talent. Those who defend our inattention to these gifted youngsters are inclined to argue that the bright student takes care of himself, but recent studies suggest that he does not always do so; he often becomes bored, or falls into slovenly habits, or drops by the wayside from lack of motivation.

Neglect of the gifted is not a necessary consequence of mass education. We can give full attention and consideration to the average student and still not neglect the gifted one. Enthronement of the "average" is one of the pitfalls facing any democracy, and the one way to avoid this pitfall is a lively recognition of excellence wherever it appears. All able young people should be provided with the sort of education which will provide the maximum challenge and the most effective cultivation of their gifts.

How Shall We Pay for Higher Education?

In subsidizing the education of any person, either privately or through public channels, we are making an investment that has some elements of speculation in it. We do not know that the investment will pay off. In dealing with individuals of high ability and high motivation, the speculative element in the investment is at a minimum. As we increase the proportion of our youth attending college, we tend to dig further down into the distribution of abilities, and thus to increase

the probable rate of failures and the speculative element in our investment. To some extent our decision as to how far down the scale of abilities we are willing to go in college admissions depends on our judgment as to how much we can afford to gamble on youngsters whose probability of success in college is relatively low.

It is of utmost importance that the American people be realistic about the costs of higher education. The requirements of realism can be very simply stated. The American people should not commit themselves to more higher education than they can maintain—and are willing to pay for—at a reasonable level of quality. We have not always guided ourselves by this principle. If we are in favor of the expansion of the higher educational system, then we should be in favor of providing it with adequate financial support. If we cannot maintain our higher educational plant at a decent level, if we cannot pay our teachers respectable salaries, if we cannot provide the individual with learning experiences which make for growth, if, in the interests of economy, we must fall into assembly-line techniques of grinding out mediocrities, then perhaps we had better lower our aspirations with respect to the numbers who should receive higher education. If the American people are unwilling to pay, or cannot afford to pay, for increased higher education, then it will not be an ignoble thing to face that fact honestly and spare our young people the deception involved in shoddy and superficial college experiences.

The question of federal aid to our institutions is likely to come in for lively debate within the next half-dozen years. The flood of students will be an enormous strain on state-supported institutions. Private institutions in their present precarious financial position cannot possibly take a larger share of the load, and it seems certain that within a decade the present balance between public and private education in the United States will be tremendously altered. The pressure for federal aid and the questions involved in federal aid will thus come very much into the limelight. Again, Americans will do well to examine the consequences before seizing on a solution.

The long-heralded advent of business support for higher education

has finally materialized and it presents a most encouraging picture. It is not realistic, however, to suppose that this can play an unlimited role in the salvation of higher education. There are problems in too heavy dependence on corporate support just as there are problems in too heavy dependence on federal aid.

The Challenge

These, then, are the questions to which Americans must give sustained attention. If thoughtful men do not reflect on them, the future of higher education will be ruled by circumstance. Educational policy is shaped, after all, whether or not men give serious thought to it. It is determined by economic factors, by popular demand, by national need, by the pressures of the market, by parents and students, and by the moods and fads of the moment. It is determined by the men who set tuition levels, by the men who formulate admissions policies, by alumni who want a better football team, by psychologists who devise entrance examinations, by employers who demand certain kinds of training, by professional associations seeking to advance their fields, by givers of money, and by pressure groups. All of these will make decisions which affect vitally the kind of higher education which we will have in America. Unless the ends of education are widely and thoughtfully discussed, these varied groups and individuals will have little background for the grave decisions they face.

Attention to the issues of higher education is not an academic exercise. Higher education is not only shaped by the society in which it exists, but it in turn shapes society. The American people took a hand in making it what it is today. If it is remade, they will have to take a hand in that too. And the future of America depends in no small degree upon the wisdom which they bring to it.

John W. Gardner

The Year in Review

The Year's Finances

During the year ended September 30, 1954, the Trustees appropriated $10,898,850. This figure includes $4,350,000 of grants in the United States which are to be paid out of the income of the next four years, and grants totaling $990,800 for the program in the British Dominions and Colonies. A complete record of all the appropriations made during the year and payments on these and prior appropriations can be found in The Detailed Record, pages 43 to 53.

Income from securities for the year was $7,786,147 and $2,105 was allocated to income from assets recovered on account of the Corporation's reversionary interest in the Pension Trust established by Mr. Carnegie and administered by Home Trust Co. This trust company was organized in 1901 in New Jersey to care for certain financial interests of Mr. Carnegie. Administration expenses were $538,450 and a sum of $936,632 was transferred to reserves for meeting commitments in connection with the Carnegie Foundation's obligations for paying allowances to retired college professors and pensions to their widows. The year's appropriations as noted above and payments of $70,000 on account of appropriations made in prior years in the United States exceeded by $4,187,955 the income for the year available for use in

this country after deducting administrative expenses and transfers to reserves. Total appropriations to date for use in the United States are $4,066,044 more than the income now in hand; this sum is a charge against future income. Appropriations in the British Dominions and Colonies Fund were $450,856 more than the year's income; the balance of income still on hand in the Fund as a result of the small appropriations of the war years is now down to $748,359.

Total assets of the Corporation at September 30, 1954, were $173,575,171, a decrease of $5,286,428 during the twelve-month period. There was a gain of $876,099 from sales and redemptions of securities, but the advances to the Carnegie Foundation for pension purposes were written down by $7,959,000. They are now carried at the nominal value of $1 since they do not bear interest and there is no way to determine when they will be repaid. Of the assets, over 99% was made up of marketable securities at cost value and cash; market value of the securities held was $45,953,753 more than cost. Under a resolution of the Board of Trustees of twenty years' standing, no stock held exceeds 1 per cent of the total outstanding stock of the company in question. Aggregate net capital gains at the year end were $27,197,255. These net capital gains are set aside in Depreciation Reserve and in Counsel's opinion are not income and are not available for appropriation.

The Program in Action

Major areas of interest of Carnegie Corporation are perhaps best indicated by the fields in which it has been active during the course of a year. Succeeding pages describe such fields, and give the background and approach of a number of grants. A list of all grants and payments made during the fiscal year appears in The Detailed Record.

Throughout the forty-three years of its existence, Carnegie Corporation has had as one of its deepest concerns the improvement of education. Its approach to this broad objective has always taken into account the diversity which is the most marked characteristic of American education. The Corporation has supported work at all edu-

cational levels in both public and private institutions. It has been concerned with invigorating both teaching and research. It has supported both "pure" and "applied" fields. It has sought to strengthen the liberal arts but it has not neglected technical and professional education. In short, the Corporation has never sought a single solution or limited itself to a single type of grant.

The Corporation's central aim is to strengthen American education, and its program necessarily must bear some relation to the range and variety of the problems which exist. In order to bring its activities into workable compass, however, the Corporation concentrates in certain major directions, as indicated below, in supporting projects that promise to lend vigor and excellence to American education.

PRE-COLLEGE EDUCATION

In his Annual Report for 1949, President Dollard said, "One very healthy by-product of the tradition of local responsibility has been a high degree of citizen interest in the public school system. It is doubtful, however, that laymen generally have any real understanding of the crisis which public education faces at this time."

Today, there is a far wider understanding of the needs of the public school system. Part of the credit for this fact lies with the National Citizens Commission for the Public Schools, which the Corporation helped to launch in 1948. The Commission's function was to focus national attention on the public schools and to make available to towns and cities throughout the country the experience of those communities which had been most successful in solving their local school problems. The Commission, under the chairmanship of Roy E. Larsen, president of Time, Inc., was made up of forty leading Americans from various professions and occupations selected to represent the country as a whole.

The years since the founding of the Commission have abundantly confirmed the snowballing needs of the public school system. The National Citizens Commission has functioned in such a way as to strengthen rather than weaken the tradition of community responsi-

bility for public education. At the same time, operating on a national level, it has been able to perform an important service for the country as a whole. During the current year, the Trustees voted a grant of $300,000 to continue the work of the Commission, bringing to $1,214,175 the total of grants to date.

Of the innumerable problems facing the public schools, perhaps the most fundamental is the pressing need for a more adequate supply of well-trained teachers. One of the most significant of the various efforts to move toward a solution of this problem is the work of President A. Whitney Griswold of Yale University in making available the resources of the University as a training ground for secondary school teachers through a new program leading to the Master's degree in teaching. There is much to be gained if institutions with distinguished traditions in the liberal arts, such as Yale, move in these directions, for the intellectual depth and breadth of the liberal arts can give added dimensions to public school teaching. Corporation assistance to the Yale program began in 1951. This year, a grant of $250,000 was made to Yale University toward support of the program for a five-year period.

HIGHER EDUCATION

Recent annual reports of Carnegie Corporation have reflected the fact that in the past few years the Corporation has steadily increased its interest in higher education. Although the Corporation has aided and will continue to aid elementary and secondary education, as well as adult education, its primary commitment is to the colleges and universities of the country.

The Humanities

Among the many problems facing the American college today is how to maintain a healthy balance among all parts of the curriculum. The humanities, the social sciences, and the natural sciences must all be kept vigorous and strong. In earlier times, of course, the humanities formed the center of virtually every college curriculum. More recently

they have suffered some impairment of prestige and interest, and one of the problems of balance which has most perplexed college deans and presidents has been that of reinvigorating the humanities. There have been in recent years a variety of quite impressive efforts to revitalize this part of the curriculum—none more impressive than the work of a group of Princeton professors working under the leadership of Whitney Oates. The professors won the approval of the faculty for the formation of a Council of the Humanities, which then set about developing an imaginative program for stimulating the fields falling in this category. To assist them in getting their ambitious program under way, Carnegie Corporation provided a grant of $250,000.

American Studies

In making the above grant to Princeton, the Corporation specified that forty per cent of the funds, or $100,000, be devoted to the strengthening of the program of American Studies. This is part of a broader effort in which the Corporation has been engaged to improve American Studies programs in our colleges and universities. This field has developed fairly rapidly throughout the country and by 1954 there were more than ninety-five institutions offering the A.B. degree with a major in American Studies. The programs vary considerably in quality but the Corporation is firm in its opinion that they are a significant educational development. It is important in our national life that our citizens achieve a deep and firmly based understanding of their own society. There have been dramatic and confusing changes in American life. Our values have been shaken, our unity threatened, and our sense of direction put in doubt. We need a sure comprehension of American ideals, strengthened by a creative fidelity to the best in our tradition and unfettered by fears.

Another grant made during the year in this field was one of $39,500 to the American Studies Association for strengthening its program. The Association has already established a significant place for itself as a professional organization concerned with a rapidly developing scholarly field. It is hoped that the present grant will enable the Asso-

ciation to consolidate its gains, strengthen its staff and to establish fruitful lines for future progress.

Educational Surveys

Institutions, no less than individuals, can gain much from an occasional pause to take stock of current operations and future directions. At colleges and universities this process usually takes the form of an educational survey. If some such projects turn out to be superficial and dull, others are perceptive and challenging.

On balance, one can say that the educational survey at its best makes a vigorous—and irreplaceable—contribution to academic progress. It expresses the healthy inclination of American educators to take their bearings periodically in a rapidly changing world.

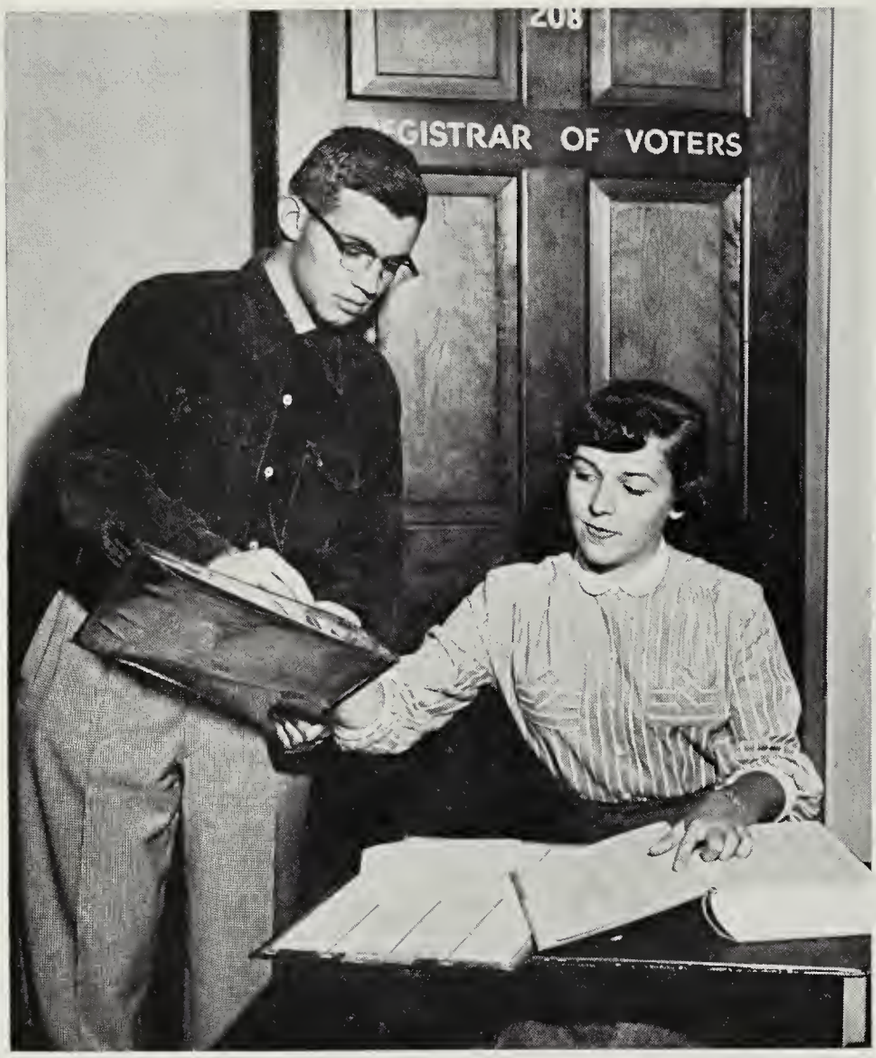
Carnegie Corporation has been glad to assist academic institutions and scholarly groups from time to time in their efforts to make fresh evaluations of their programs. One such survey which received support during the current year is a study of Protestant theological education in the United States and Canada, under the sponsorship of the American Association of Theological Schools. This study concerns itself chiefly with the work of theological schools in the preparation of men to serve in the parish ministry, but also involves a much broader range of problems, including the role of the minister in contemporary life. The American Association of Theological Schools owes its existence to an earlier appraisal done in the 1930's which resulted in *The Education of American Ministers*, edited by Mark A. May. Professor Richard Niebuhr of the Divinity School of Yale University directs the new inquiry.

Another survey which may prove of importance to American education is a study of the humanities and social studies in engineering schools, being conducted by the American Society for Engineering Education. Somewhat more than ten years ago, the Society appointed a committee, headed by Dean H. P. Hammond of Pennsylvania State College, to make a study of engineering education after the war. The resulting Hammond Report emphasized the necessity for broadening

MARTHA HOLMES

ECONOMIC TRENDS ARE THEIR BUSINESS

Studies of business cycles and pioneering contributions to the concept and measurement of national income have earned the National Bureau of Economic Research a distinguished reputation. A nonprofit corporation conducting long-range studies of national and international economic problems, the National Bureau has received Carnegie Corporation support since 1921. Its staff is drawn primarily from the academic world; its board represents different viewpoints including labor and management. One of its prime functions, as shown here, is bringing varied interpretations to bear on meticulously collected data.



"WHAT DOES THIS MEAN—'OVER TWENTY-ONE'?"

High school students in Stratford, Connecticut examine a puzzling entry as they assist city officials in registering voters for an important national election. Such use of the home community as a "civic laboratory" gives practice in the art of citizenship and is encouraged by the Citizenship Education Project, Teachers College, Columbia University. Started in 1949 with the help of the Corporation, the project now assists more than 1800 high schools throughout the nation to develop improved methods of educating our youth for the duties of citizenship.

HOW DOES SHE DIFFER FROM THE HANDICAPPED CHILD?

Significant improvements in the care of physically handicapped children may result from comparative studies carried out by social scientists from the University of Kansas. Intensive analysis of the day-to-day activities of normal and handicapped children indicates that the overly protective impulses of parents, nurses and teachers tend to deprive the physically handicapped child of opportunities to make his own decisions and act upon them. He has less chance than the normal child to learn, to mature and to develop as an effective, independent person. As shown here, staff members used observational methods developed by students of natural history. Their studies were supported in part by Carnegie Corporation funds.

SAM FALK, *The N. Y. Ti*

PUBLIC SCHOOLS ARE A PUBLIC CONCERN

Stimulating grass roots interest in the needs of our schools and intelligent action to meet these needs are major objectives of the National Citizens Commission for the Public Schools, which the Corporation helped to launch in 1948. To encourage communities to take responsibility for their schools, the Commission has aided in the formation of almost 3,000 state and local citizens' committees, and has sponsored many public meetings such as the one shown here. Its successor agency, the National Citizens *Council* for the Public Schools, will act as a clearinghouse and will emphasize the responsibilities of state and local committees.

THRASHING OUT THE BASIC PROBLEMS

Students in a class at Reed College in Portland, Oregon, explore some problems that challenge them to seek more than routine, uncritical answers. Reed's Senior Symposium, supported since 1951 by Carnegie Corporation, encourages students from different fields to bring their specialized knowledge to bear on the fundamental problems of man and society. Such informal discussions, led by faculty members in their homes, evoke keen recognition of social and individual values and awareness of the complex responsibilities of intelligent men and women in today's world.

A SEARCH FOR MAN'S BEGINNINGS

New light on the origins of human institutions and cultures can be gained by a study of primitive peoples, such as this group of mountain tribesmen, former head-hunters, in a remote region of the Philippines. Comparative analysis of dialects among ten seemingly different peoples shows that they actually came from a single stock although their ways of life have diverged considerably over the centuries. A Carnegie Corporation grant to the University of Chicago supports this project, in which anthropologists, historians, demographers and other specialists are collaborating.

THE COMMUNITY AND THE INDIVIDUAL

Do tensions of modern life produce a high rate of emotional instability and maladjustment? Was the intimate sense of community enjoyed by rural people in less troubled times a positive factor in maintaining emotional stability? Staff members from Cornell University are examining these and other questions in a study of the impact of social factors on mental health. Their long-term investigation, begun in 1950, is expected to continue through 1956. Carnegie Corporation funds have aided this work from the beginning. The community supper pictured here is one of many facets of community life which have served as source material.

JAMES N. KEEN, *Collier's*

TRAINING FOR BETTER POLICE WORK

The responsibilities of a modern police officer go far beyond a cut and dried routine. At the Southern Police Institute, training in the human and social aspects of police work is fully as important as instruction in latest methods of crime detection. The Institute, founded at the University of Louisville five years ago with Corporation support, trains police officers from the Southern states to bring higher standards of professional police work to their home communities. Strict observance of legal procedure and awareness of the causes of minority group tensions lead, the Institute believes, to improved community relations.

and liberalizing the engineering curriculum, and recommended that approximately twenty per cent of the student's educational time be devoted to the humanities and social studies. The present study focuses upon these latter areas. It explores some of the consequences of the Hammond Report and undertakes to assess the usefulness of various patterns of undergraduate education that have been tried in recent years.

Still another type of educational study occasionally supported by the Corporation is represented by a grant of $150,000 during the current year to the University of Alabama. In modern times our large universities have tended to become federations of more or less autonomous schools and colleges which may share relatively little in the way of common educational objectives. The "college of liberal arts" in a large modern university provides the traditional undergraduate courses in history, English, geography, philosophy, government, and kindred subjects. But it no longer dominates the campus as in most institutions it once did. It is flanked by well-rooted, well-attended professional schools in business administration, engineering, journalism, and other specialized fields. These schools usually conduct—and always influence—their own undergraduate programs, which may or may not bear any resemblance to liberal education.

The University of Alabama is concerned to preserve its central coherence, and leaders in the faculty and administration have decided to undertake an exhaustive and comprehensive survey of the functioning of the University as an educational institution. The study will involve all of the schools and colleges and will extend over a period of four years. It is believed that as the study progresses, the findings will suggest desirable changes in administration and other procedures and it is planned that such changes shall be made as quickly as is practicable. Both the faculty and administration are participating actively in the work.

Hawaii and Puerto Rico

The Universities of Hawaii and Puerto Rico are more than 6,000 miles apart but they have a number of things in common. Though both are outposts of our higher educational system, they are by no

means "sleepy" outposts. On the contrary, both have experienced major growth and expansion in recent years, and both are displaying admirable energy and intelligence in coping with the special problems which they face.

The chief problem of the University of Hawaii is isolation. Although Honolulu is on a main travel route and by no means insulated intellectually, it is a long way from the major centers of the American academic world. This has made it difficult for the University to attract and hold teachers. During the current year, the Corporation made a grant of $180,000 to bring visiting professors from the mainland on one- or two-year appointments. It is believed that such a program will do much to give the University access to the best scholars on the mainland and encourage good young teachers to accept appointments in Hawaii.

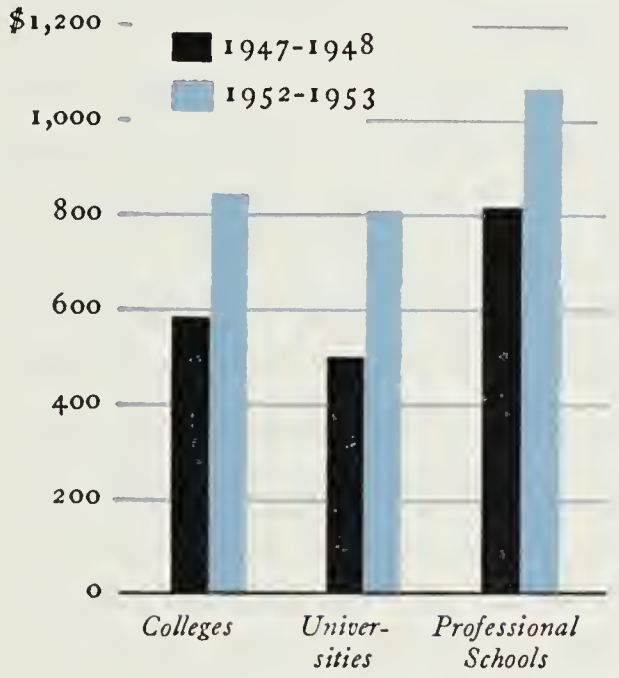
The University of Puerto Rico does not suffer from isolation so much as it suffers from overwork. The student body has grown so rapidly in the past decade that its faculty, swamped by heavy teaching schedules, is in acute danger of losing its scholarly momentum. This problem is all the more critical because Puerto Rico is becoming increasingly attractive to students of Latin American countries as a center for advanced education in many fields. The Corporation's grant of $200,000 makes it possible for the ablest members of the University's hard-pressed faculty to reduce their teaching loads for several years and, with the free time acquired, to undertake such activities as will best advance their own development as scholars and thus strengthen their University.

Financing of Higher Education

The financial straits of the colleges and universities have received extensive publicity. The range of problems was thoroughly explored and reported upon in 1952 by the Commission on Financing Higher Education sponsored by the Association of American Universities and financed by the Rockefeller Foundation and Carnegie Corporation. This year the Corporation provided $150,000 toward the estab-

lishment of a Council for Financial Aid to Education. The purpose of the Council is to act as a clearinghouse for the business and academic communities, advising colleges and universities on opportunities for

Rising Costs of Higher Education



The Council for Financial Aid to Education reports that since 1947 a sampling of 753 colleges, universities and professional schools averaged a 50 per cent rise in the cost of operation for each full-time student. Universities led with 62 per cent, colleges followed with 45 per cent, and professional schools with 24 per cent.

bringing their needs to the attention of business groups, and assisting business management in setting up programs for the provision of funds to higher education. The Council also is working to broaden the purposes for which corporations vote funds to educational institutions; business gifts frequently have been restricted to specific research or training programs. The Council does not solicit or distribute contributions. It provides information and advice and, through its promotional work, seeks to activate broader support for higher education.

INTERNATIONAL AFFAIRS

One of the fields in which Carnegie Corporation has a deep and sustained interest is international affairs and the promotion of international understanding.

At mid-century, the United States faces a world in which confusions and tensions abound. It is a matter of vital importance to the welfare and safety of our country to have available centers where detailed and accurate knowledge of other parts of the globe can be assembled, and where technicians and specialists can be trained. For this reason, the Corporation in recent years has supported a number of academic centers for regional studies concerned with Japan, Southeast Asia, the Soviet Union, the Near East, Africa and other major groupings.

The countries forming the western belt of the area dominated by the Soviet Union have not received nearly so much concerted attention by American scholars as have most other important regions of the world. To assist Columbia University in starting a program of East European studies, the Corporation granted $250,000 to be spent over a five-year period. Columbia University will draw on the considerable strength it already has in faculty and library resources, and on its extensive offerings of Eastern European languages and literatures. To improve our educational facilities for training specialists and for conducting research on these countries, both Columbia's Russian Institute and Western European Institute are expected to contribute importantly to the success of the new program.

Certain programs in foreign area studies which were initiated by Corporation grants in previous years received further support. Among such programs was the undergraduate program in Russian studies at Dartmouth College which received a grant of $20,000 for two more years; after that time the College expects to maintain its offerings in this field as a part of its regular program without special foundation support.

A relatively new division at the University of Chicago, which has attracted favorable attention with its publications and gives promise of continuing usefulness, is the Center for the Study of American Foreign Policy, which received $75,000 from Carnegie Corporation for support of research on United States participation in world affairs. Founded three years ago under the direction of Professor Hans Morgenthau, the Center is becoming a major agency in the Midwest

for scholarly study of international relations and foreign policy. In concentrating on foreign policies of American statesmen—going back to the earliest days of the Republic—as well as contemporary problems in American foreign relations, the Chicago group is filling an important gap in present research coverage of this complex field. One gratifying aspect of the Center's work is the interest it has aroused among both scholars and laymen.

A project with somewhat different objectives at the University of Wyoming received a Corporation grant of $40,000. The grant will help to support a program in international affairs including a re-established summer Institute of International Affairs. The University of Wyoming has become a center in the Rocky Mountain region for public information on world affairs. It features scholarship provisions for high school teachers of the state, and the University maintains regular graduate and undergraduate courses in international relations. The summer Institute includes an annual conference for community leaders from all walks of life.

Community interest and participation in the study of world affairs is stressed in the grant of $15,000 made to the World Affairs Council of Philadelphia. The Council will use the funds to expand the program it has developed in collaboration with the schools and colleges of the Philadelphia area.

Along somewhat similar lines, the Corporation for the fifth successive year assisted the United States Military Academy at West Point in its sponsorship of the annual Student Conference on United States Affairs.

THE SOCIAL SCIENCES

Immediately after World War II, Carnegie Corporation made a series of grants designed to assist in the establishment of higher standards for social science research, and to provide more rigorous programs of training for social scientists. Possibly the most effective grant made toward these objectives was a grant of $465,000 which the Trustees

voted in 1950 to the Social Science Research Council to establish a program of Faculty Research Fellowships.

The idea behind the program was simple. The plan was to comb the country for young social scientists of the highest excellence: young men whose training and native capacity was such that they could be counted upon—given the appropriate opportunity—to set new standards of research performance in their chosen fields. These young men were to be freed from one-half their teaching duties for three years and to be provided with funds to carry on research of their own choice.

The plan proved remarkably successful. The tradition of research is not nearly so strong in the social sciences as it is in the natural sciences, and a young social scientist who wishes to assure his own future must ordinarily obtain a teaching post and remain close to it during the early years of his career. The Faculty Research Fellowships enable him to do this and at the same time to devote half of his energies to research during his most creative years. As a result, the Fellowships have drawn an outstanding group of applicants and the individuals appointed are almost without exception men of impressive capacity and promise. This year the Corporation extended the Fellowship Program for another five-year period.

Among the most interesting of the specific research projects supported during the year is a study of civil-military relations which is being done at the Institute of War and Peace Studies at Columbia University under a grant of $63,000. During Mr. Eisenhower's tenure as president of Columbia University, he took a personal hand in the establishment of the Institute. Professor William Fox was appointed its director. The importance in national affairs today of the interplay between civilian and military policy makers need hardly be stressed. Military considerations and military leadership are necessarily playing an increased role in the formation of national policy. Civilian policy makers have often complained of the so-called rigidities of the military mind, and military men have been equally colorful in their comments on civilian thinking. Much of the misunderstanding stems from different conceptions of the national interest, from different habits of

mind, and different ways of thinking about policy formation. These are matters which demand careful exploration, and the Institute is well equipped to carry such research forward.

During the current year two grants were made for comparative research on human society. A grant of $100,000 to the Human Relations Area Files, Inc., aids that organization in strengthening and extending its unique system of organizing information about the peoples of the world. A grant of $10,000 to the Social Science Research Council will finance the work of the Committee on Comparative Politics, the purpose of which is to stimulate the neglected comparative study of the ways in which human society governs itself in different parts of the world.

THE PUBLIC SERVICE

The use of civil service methods in filling public jobs—with their emphasis on merit in appointment and promotion and security of tenure, as opposed to favoritism and political "spoils"—is now almost universally accepted at all levels of government. The big problem today is how to administer civil service principles at certain levels of government and in various specific situations. This inevitably involves many considerations of law. Merit systems, whether federal, state, or municipal, are established by statutes, and these statutes must be framed with the greatest care. Also, statutes must be supplemented by wisely drawn administrative rulings.

With these considerations in mind, Carnegie Corporation made a grant of $40,000 this year to the National Civil Service League for a comprehensive treatise on civil service law. Such a treatise should be of great help to personnel administrators, legislators, attorneys, judges, and students of government. It should also help to ensure a wiser and more orderly administration of the Civil Service system throughout the nation. The National Civil Service League is the only private organization exclusively concerned with the improvement of the Civil Service and equipped to sponsor such a volume.

Another aspect of public service is touched upon in the Corpora-

tion's grant of $50,000 to the Practising Law Institute to support a series of summer conferences for district attorneys. The conferences have proved to be immensely valuable in providing specialized training and up-to-date information for these public officials, particularly district attorneys from small towns and cities.

The Institute brings in as "professors" some of the ablest lawyers and criminologists in the country. The late Judge Robert P. Patterson once said: "There is no doubt that much of the responsibility for the growth of organized crime must be laid at the door of the negligent functioning of the prosecutor's office." The present program may establish a pattern for the effective training of district attorneys, many of whom come to their jobs with relatively little experience and with no choice but to learn their new profession by making mistakes, occasionally at the expense of the public.

BRITISH DOMINIONS AND COLONIES

Travel grants for scholars and administrators continue to represent a major activity of the Corporation's program in the British Dominions and Colonies. The broad purpose of these grants is to enable individuals of exceptional capacity and promise to become acquainted with colleagues and with recent developments in their own fields in the United States and Canada and, in some instances, in other countries. During the year, such grants went to forty-one individuals from Australia, New Zealand, the Union of South Africa, Canada, Ceylon, and certain of the Colonies. These are included in The Detailed Record, pages 54 and 55.

During the year, a number of grants were made to institutions for purposes of research or educational development. The largest, and most unusual in terms of the Corporation's regular program, was a grant of $250,000 to the Commonwealth Scientific and Industrial Research Organization (Australia). The grant will help to pay the cost of a large parabolic reflector or receiving antenna to be used by the Division of Radio Physics in studying radio signals emanating from

distant stars in the skies of the Southern Hemisphere. Another grant went to the University of Western Australia to support teaching and research in social anthropology and psychology.

The problems and potentialities of the African sub-continent continue to interest the Corporation. In the Union of South Africa, a grant of $35,000 was given to the new Institute of Social Research at the University of Natal. The grant is being used to bring to the Uni-

Higher Educational Development in the British Colonies

versity visiting professors from the United States who will help the Institute develop a program of advanced training in the techniques of modern social research.

To improve the dissemination of scholarship on African subjects, the International African Institute received a grant of $30,000 to help support its publication program. For a similar broad purpose, the South African Institute of International Affairs received $10,000 to develop its library and information services.

In Canada, where systems of regular sabbatical leaves for professors have not been generally introduced, there are relatively few oppor-

tunities for faculty members, particularly in the humanities, to get away for a year of research or refreshment after substantial periods of service. A grant of $75,000 to the Humanities Research Council of Canada for a five-year program of faculty travel-on-leave is designed to help fill this gap.

The Corporation's general interest in the Commonwealth is reflected in two grants totaling $49,000 to the Royal Institute of International Affairs. They provide for the traveling expenses of certain delegates to the most recent Commonwealth Relations Conference, and for the Commonwealth fellowships, administered by the Institute, under which selected scholars from the Dominions may spend a year of study and research in London or Oxford.

The Corporation has viewed with particular interest the remarkable development of higher education in the Colonies since the war. A number of new institutions of high standard have been established. They are now reaching the stage where they are giving increased attention to the problem of relating their work more closely to the needs and conditions of the particular areas they serve. A grant of significance in this connection is one of $58,000 to the University College of the West Indies for the establishment of a center of educational research. Through the work of the center, the College hopes eventually to assert an important influence on primary and secondary education and teacher training throughout the seven territories of the West Indies.

IN THE CARNEGIE TRADITION

In the long run, one of the most important Carnegie contributions to higher education may prove to be the establishment of retirement plans for college professors made possible by the Carnegie Foundation for the Advancement of Teaching, Carnegie Corporation and the Teachers Insurance and Annuity Association. The teaching profession in the twentieth century has been transformed from a group lacking adequate financial safeguards for the future to perhaps the most widely protected, through pension plans, of all professional groups.

The largest grant made by the Corporation during the year under review was one to the Teachers Insurance and Annuity Association in the amount of $3,750,000. This sum will be paid over five years for the further strengthening of reserves on retirement policies issued between 1918 and 1936.

Five years ago the Corporation made a grant of $5,000,000 to the TIAA for this purpose. That grant was made with the understanding that the reserve situation would be thoroughly reviewed at the end of the five-year period. During the spring of 1953, Corporation and TIAA officers conducted an exhaustive study of these reserves and agreed that still further strengthening was in order, even though increased returns on investments had produced a greatly improved situation.

In addition to the grants to TIAA, the Corporation is purchasing supplementary annuities for retired professors on the pension list of the Carnegie Foundation and is also setting aside $900,000 a year to carry out the terms of a loan agreement whereby the Corporation will advance $15,000,000 to the Foundation to enable it to meet its pension obligations. This agreement was reached in 1939. About 22 per cent of the annual income of the Corporation is now committed to pension and annuity programs for teachers. With the closing of the free pension lists of the Carnegie Foundation for the Advancement of Teaching and the growing resources of TIAA, the Corporation can foresee a time when there will be no further need for grants in the pension field.

Another of Andrew Carnegie's philanthropies, the Carnegie Institute in Pittsburgh, received a major grant from the Corporation this year. The sum of $1,500,000 was voted to the Institute toward the cost of necessary repairs and improvements in its physical plant, on the condition that the Institute raise an equal sum from other sources.

Dedicated in 1895 and completed in 1907, the Institute building covers more than four acres. It includes a public library, which is now operated by the city, a music hall, a museum of natural history and a department of fine arts. Of this building Mr. Carnegie once said, "This is my monument." It is still an imposing and sturdy structure, but an extensive architectural and engineering study made a year ago in-

dicated an urgent need for a new roof, new plumbing, heating and electrical equipment and other renovations to provide for the Institute's growing activities as a cultural center for the people of Pittsburgh.

From the Corporation's Journal

Trustees

At the beginning of the year, there were two vacancies on the Board of Trustees. These were filled by the election of Charles M. Spofford and John W. Gardner as members of the Board for five-year terms ending at the close of the annual meeting of 1958.

Mr. Spofford, elected on November 17, 1953, is a member of the New York law firm of Davis, Polk, Wardwell, Sunderland & Kiendl. He received his A.B. degree from Yale University and his LL.B. from Harvard Law School. During World War II, Mr. Spofford served as Staff Officer in the North African and Mediterranean Theater, terminating his active service with the rank of Brigadier General. Active in international and civic affairs after the war, he was appointed U. S. Deputy Representative on the North Atlantic Council and was Chairman of the North Atlantic Council of Deputies from 1950 to 1952. Among other philanthropic and civic interests, Mr. Spofford is a director and former president of the Metropolitan Opera Association, a trustee of the Juilliard Musical Foundation, and a trustee of Union Theological Seminary.

Mr. Gardner, elected to the Board on May 20, 1954, has been a vice president of the Corporation since 1949. A native of California and a graduate of Stanford University, he received his A.M. degree from Stanford and his Ph.D. in psychology from the University of California. Following several years of college teaching, Mr. Gardner joined the United States Marine Corps Reserve and served during the war with the Office of Strategic Services in Washington, D. C., Italy, and Austria. He is a trustee of the New York School of Social Work, and a member of the American Academy of Arts and Sciences, the American Psychological Association, and the Council on Foreign Relations.

The Year in Review

R. C. Leffingwell and Arthur W. Page, whose trustee terms were scheduled to expire at the close of the 1953 annual meeting, were re-elected to be members of the Board for five-year terms ending with the close of the annual meeting of 1958. Mr. Leffingwell was re-elected to serve as Chairman of the Board of Trustees.

The Executive Committee during the year was composed of Elihu Root, Jr., chairman; Charles Dollard, Morris Hadley, Nicholas Kelley, Mr. Leffingwell, and Frederick Osborn. The Finance Committee elected at the annual meeting consisted of Mr. Page, chairman; Mr. Dollard, Devereux Josephs, Mr. Kelley, Mr. Leffingwell, and Mr. Root.

Official Meetings

The Board of Trustees of Carnegie Corporation of New York held meetings on November 17, 1953, and January 21, March 18, May 20, and September 23, 1954.

The Executive Committee met on October 8, 1953, and January 21, February 5, March 11, May 6, June 4, June 28, and September 23, 1954.

The Finance Committee held meetings on October 8, November 12, and December 14, 1953, and January 14, February 11, March 11, April 22, May 13, June 10, July 8, and September 9, 1954.

Administrative Staff

Several promotions and additions to the administrative staff were made during the year. Stephen H. Stackpole, Executive Assistant for the British Dominions and Colonies program, was promoted to Executive Associate, and Alan Pifer, who was appointed in 1953 to assist in the administration of this program, became an Executive Assistant. Margaret E. Mahoney, Assistant to the Secretary, was named Assistant Secretary of the Corporation.

Robert J. Wert, formerly Assistant to the President of Stanford University, was appointed an Executive Assistant, to join the staff on October 1, 1954. Mr. Wert received his A.B., M.B.A., and Ph.D. degrees from Stanford. He has had administrative experience in both

academic and business organizations, and during the war served as a Lieutenant (j.g.) in the United States Navy Supply Corps.

Charles Dollard, who had been granted a leave of absence due to illness, returned to his duties as President of the Corporation in February, 1954. In November, 1954, Mr. Dollard tendered his resignation as President for reasons of health, and was invited by the Trustees to continue to serve the Corporation as a consultant. John W. Gardner was designated Acting President, and on January 20, 1955, was elected President.

Congressional Inquiry

A resolution introduced by Congressman B. Carroll Reece and passed by the House of Representatives on July 27, 1953, authorized the appointment of a Special Committee to Conduct a Full and Complete Investigation and Study of Educational and Philanthropic Foundations and Other Comparable Organizations Which are Exempt from Federal Income Taxation. The purpose of the study as expressed in the resolution was "to determine if any foundations and organizations are using their resources for purposes other than the purposes for which they were established, and especially to determine which such foundations and organizations are using their resources for un-American and subversive activities; for political purposes; propaganda, or attempts to influence legislation."

The Committee, which was given until January 3, 1955, to report its findings, consisted of Mr. Reece, chairman; Angier L. Goodwin, Wayne L. Hays, Mrs. Gracie Pfost, and Jesse P. Wolcott.

Late in the spring of 1954, the Committee began holding public hearings. R. C. Leffingwell, chairman of the Board of the Corporation, and Charles Dollard, president, were invited to testify and to submit a prepared statement in advance. The statement was furnished to the Counsel and staff and to all members of the Committee on June 22, but the opportunity to testify did not materialize. On June 28 the Corporation was advised that public hearings had been suspended, and on July 2 that there would be no more public hearings.

In the six weeks of hearings the Committee held, nine witnesses were heard; of the nine, six were hostile to the foundations and two were representatives of the Internal Revenue Service. One witness whose testimony was in defense of the foundations was heard, but the hearings were suspended before his testimony was completed. No representative of a major foundation was called or allowed to testify.

On July 12 the Corporation released to the press the statement by Mr. Dollard which it had submitted to the Committee on June 22. A full copy of the Corporation's statement appears in the appendix of this Report, pages 79 to 110. After the close of the period covered by the present Annual Report (October 1, 1953, to September 30, 1954), the Reece Committee released a report on its findings. The officers and Trustees of the Corporation are now studying this report. It seems to follow closely the lines of testimony of the Committee's witnesses, to which the Corporation replied last summer.

The Detailed Record

Appropriations and Payments

During the Year Ended September 30, 1954

This schedule shows all payments made during the fiscal year 1953–54 from appropriations of that year and of preceding years. Amounts in the first column marked thus (*) are grants allocated from funds made available in previous years.

United States

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
Adult Education Association of the USA, Study of role of university in adult education about world affairs (X2556)	$6,000*		$6,000	
Alabama, University of, Study of its educational program (B2721)	150,000		150,000	
Alaska, University of, Alaskan history textbook (X2556)	1,400*			$1,400
American Association of Theological Schools, Study of theological education (B2677)	65,000		35,000	30,000
American Council of Learned Societies, Dictionary of American Biography (B2663)		$30,000	10,000	20,000
Grants-in-aid in linguistics (X2556)	10,000		10,000	
American Federation of Arts, Support (B2681)	36,000		36,000	
American Library Association, Restatement of Post-War Standards for Public Libraries (X2556)	10,500		10,500	
Management Survey (B2682)	7,500			7,500
American Society for Engineering Education, Study of liberal arts teaching in engineering schools (B2678)	30,000		30,000	
American Studies Association, To strengthen its program (B2709)	39,500		14,500	25,000
Association of American Universities, Woodrow Wilson fellowships (B2614)		400,000	100,000	300,000
Atlanta University, School of library service (B2567)		12,000	4,000	8,000
Bishop (Bernice P.) Museum, Pacific studies (B2616)		80,000	20,000	60,000
Brown University, Experimental courses in general education (X2567)	15,000		15,000	

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
Bucknell University,				
Expansion of university course (B2658)		$25,000	$10,000	$15,000
California Institute of Technology,				
Program in humanities and social sciences (B2445)		30,000	30,000	
Carnegie Foundation for the Advancement of Teaching,				
Recruitment and training of teachers for secondary schools (Peabody College) (B2474)		40,000	20,000	20,000
Graduate education in the South (X2501, B2539)		873,333	243,587	629,746
Carnegie Institute,				
Study of requirements and plans for rehabilitation of building (X2556)	$11,000*		11,000	
Repairs and improvements to physical plant of Institute (X2564)	1,500,000			1,500,000
Carnegie Institute of Technology,				
System of faculty leaves (B2558, X2556)	5,000	36,000	17,000	24,000
Carnegie Institution of Washington,				
Yerkes Laboratories of Primate Biology (B2499)		12,000	12,000	
Research to increase range of telescopes (B2693)	50,000		50,000	
Case Institute of Technology,				
Program in humanities and social studies (B2598)		90,000	30,000	60,000
Chicago, University of,				
Internships in general education (B2566)		25,000	25,000	
Program of preparation of college teachers (B2559)		60,000	20,000	40,000
Studies on problems of aging (B2569)		32,000	32,000	
Philippine studies (B2642)		60,000	15,000	45,000
Preparation and publication of letters of Edmund Burke (B2645)		54,000	17,000	37,000
Center for Study of American Foreign Policy (B2723)	75,000		25,000	50,000
Claremont College,				
Summer program in science education (X2556)	5,000*		5,000	
Colgate University,				
Support of preceptorial plan (B2561)		15,000	15,000	
Columbia University,				
General education courses in Asiatic civilization (B2562)		30,000		30,000
Internships in general education (B2565)		25,000	25,000	
Study of civil-military relations (B2655)		38,000	25,000	13,000
East European studies (B2705)	250,000		50,000	200,000
Barnard College,				
Program in American civilization (B2597)		45,000	15,000	30,000
Teachers College,				
Program of citizenship education (B2629)		575,000	225,000	350,000

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
Columbia University Press,				
Publication of a variorum commentary on poems of John Milton (X2556)	$9,000			$9 000
Cornell University,				
Study of impact of technological change on non-industrialized societies (B2512)		$210,000	$70,000	140,000
Research on social factors in mental health (B2599) (See also page 51)		40,000	20,000	20,000
Study of effect of national emergency on attitudes and behavior of college students (X2506)		2,000	2,000	
Research on field observation and interviewing (B2643)		13,800	11,300	2,500
Fellowships in industrial psychiatry (X2556)	2,500		2,500	
Council for Financial Aid to Education,				
Support (B2675)	150,000		50,000	100,000
Council on Foreign Relations,				
Fellowship program (B2547)		25,000	25,000	
Regional committees (B2601)		30,000	30,000	
Research and publication (B2659)		70,000	35,000	35,000
Dartmouth College,				
Study of civil-military relations (B2633)		22,500	22,500	
Russian studies (B2680)	20,000		10,000	10,000
Experiment in International Living,				
Management survey (B2682)	1,219		1,219	
Hartford Seminary Foundation,				
Instruction in Kennedy School of Missions (B2542)		45,000	15,000	30,000
Harvard University,				
Russian Research Center (B2465)		600,000	150,000	450,000
Research in social relations (B2511)		65,000	25,000	40,000
Conference on teaching law as part of general education (X2556)	9,000		9,000	
Internships in general education (B2564)		25,000	25,000	
Study of graduate school of public administration (B2656)		30,000	15,000	15,000
Study of aptitude in second-language learning (B2657)		16,500	16,500	
ManagementSurvey—UniversityLibrary(B2682)	3,750		3,750	
Study of status of international waterways (X2556)	9,025		9,025	
Haskins Laboratories, Inc.,				
Psycho-physical research on auditory patterns (B2620)		80,000	20,000	60,000
Services as consultant (X2556)	7,000*		7,000	
Haverford College,				
New courses in mathematics and biology (B2720, X2569)	19,250		19,250	

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
Hawaii, University of,				
Pacific studies (B2615)		$80,000	$20,000	$60,000
Visiting professorships (B2706)	$180,000		36,000	144,000
Human Relations Area Files, Inc.,				
Support (B2711)	100,000		100,000	
Institute of International Education,				
Support (B2632)		300,000	150,000	150,000
Special seminars for Indian students (X2556)	7,500		7,500	
Special seminars for South Asian students (X2556)	7,500		7,500	
Johns Hopkins University,				
School of Advanced International Studies (B2428)		120,000	60,000	60,000
Kansas, University of,				
Studies of Midwestern community life (X2566)	13,325		13,325	
Liberal Arts Colleges,				
Improvement of undergraduate education; unallocated (B2720)	920,750			920,750
Library of Congress,				
Production of phonograph records of American folklore (B2736)	25,000			25,000
Long Island Biological Association,				
Cold Spring Harbor symposia (B2568)		18,000	6,000	12,000
Louisville, University of,				
Police training institute (B2415, B2546)		20,241	20,241	
Management Surveys,				
Unallocated (B2682)	17,531			17,531
Michigan State College,				
Study of problems involved in technical assistance to backward peoples (B2387)		6,500	6,500	
Michigan, University of,				
Japanese studies (B2574)		105,000	35,000	70,000
Millbrook School,				
Film on citizenship training (B2735)	15,000			15,000
Minnesota, University of,				
Study of influence of government-financed research and development on colleges and universities (X2556)	5,500		5,500	
Program in American studies (B2732)	107,000			107,000

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
National Academy of Sciences—National Research Council,				
Information on persons receiving doctorates in social sciences and humanities (X2556)	$12,500		$12,500	
Fellowships in physiological psychology (B2707)	140,000		28,000	$112,000
National Bureau of Economic Research,				
Fellowships (B2712)	21,350		21,350	
Support and Fellowships (B2724)	200,000		200,000	
National Citizens Commission for the Public Schools,				
Support (B2710)	300,000		150,000	150,000
National Civil Service League,				
Civil Service law book (B2725)	40,000		20,000	20,000
Study of veterans' preference in the Federal Civil Service (X2556)	5,000		5,000	
National Council on Religion in Higher Education,				
Fellowships (B2600)		$45,000	15,000	30,000
National Education Association,				
Support of National Training Laboratory in Group Development (B2661)		30,000	30,000	
Nebraska, University of,				
Community education program (B2733)	90,000			90,000
New York State Psychiatric Institute,				
Research on human brain and nervous system (B2548, X2556)	10,000	5,000	5,000	10,000
New York University,				
Evaluation of its educational program (B2617)		125,000	125,000	
Northwestern University,				
African studies (B2541)		60,000	20,000	40,000
Revision of curriculum in political science (B2641)		60,000	30,000	30,000
Study of political process in certain African colonial territories (X2556)	5,000		5,000	
Program of general education for undergraduates (B2720, B2738)	30,000			30,000
Ohio State University,				
Research on current German attitudes toward America (X2556)	3,000*		3,000	
Pennsylvania State University,				
Instructional film research program (B2679)	25,500		8,500	17,000
Pennsylvania, University of,				
South Asian studies (B2575)		120,000	60,000	60,000
Population Association of America,				
World Population Conference (B2694)	20,000		20,000	

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
Practising Law Institute,				
Educational program for district attorneys (B2676)	$50,000		$20,000	$30,000
Princeton University,				
Research training in international studies (B2540)		$24,500	24,500	
Near Eastern studies (B2576)		36,900	12,300	24,600
Research in international relations (B2631)		40,000	25,000	15,000
Council of Humanities (B2703)	250,000		50,000	200,000
Puerto Rico, University of,				
Faculty research fellowships (B2722)	200,000		40,000	160,000
Reed College,				
Senior course in general education (B2720, X2568)	30,000		15,000	15,000
Saint Louis University,				
Research and training in human relations (B2660)		40,000	10,000	30,000
Smith College,				
New courses of instruction (B2560)		30,000	10,000	20,000
Social Science Research Council,				
Faculty research fellowships (B2397, B2690)	465,000	175,000	90,000	550,000
Administrative expenses (X2553)		200,000	40,000	160,000
Committee on comparative politics (X2556)	10,000		10,000	
Studies on American military policy (B2708)	75,000		25,000	50,000
Stanford University,				
Research on economic development of Africa (X2554)		150,000	30,000	120,000
Special graduate courses (B2692)	36,450		12,150	24,300
Study of technology and human values (X2556)	3,000		3,000	
Conference on anthropology and the educative process (X2556) (supplementary)	500		500	
Syracuse University,				
Case studies in public administration (X2555)		75,000	25,000	50,000
Teachers Insurance and Annuity Association,				
To strengthen its reserves (B2674) (See also page 52)	3,562,500		712,500	2,850,000
Tufts College,				
Research on psychophysiology of posture (B2737)	12,000			12,000
Tulane University,				
Latin American studies (B2606)		51,000	17,000	34,000
Union College,				
Interdepartmental courses (B2495)		30,000	15,000	15,000
United Negro College Fund, Inc.,				
Campaign for capital funds (B2479)		50,000	25,000	25,000
United States Military Academy,				
Undergraduate conference on international relations (X2556)	3,000*		3,000	

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
Washington, University of,				
Evaluation of teaching (X2521)		$3,000	$3,000	
Wesleyan University,				
Interdepartmental seminars in history, government, and economics (B2704)	$60,000		12,000	$48,000
William Penn Charter School,				
Intensive teaching of Spanish and French (X2556)	10,000		5,000	5,000
World Affairs Council of Northern California,				
Regional program (B2585)		5,000	5,000	
World Affairs Council of Philadelphia,				
Student program (B2726)	15,000		7,500	7,500
Wyoming, University of,				
Program in international affairs (B2734)	40,000			40,000
Yale University,				
Internships in general education (B2563)		25,000	25,000	
Southeast Asian studies (B2577)		90,000	30,000	60,000
Preparation of biography of Henry L. Stimson (X2525)		15,000	15,000	
Teaching and research in economic history (B2644)		11,600	5,000	6,600
Field training seminar for social science (X2556)	5,000*		5,000	
Comparative Economics (X2556)	8,600* } 2,900 }		11,500	
Teacher training program (B2691)	250,000		50,000	200,000
Communications research project by Divinity School (X2556)	10,000		10,000	
Young administrators, Grants-in-aid for				
Travel and study (B2571, B2664)		39,062	18,417	20,645
Various Items,				
Study of academic administration				
Consultant services (X2556)	10,000		3,333	6,667
Funds made available but remaining unallocated (B2739)	50,000	50,000		50,000
TOTAL APPROPRIATED OR ALLOCATED	$9,958,050			
Less: Allocated from funds voted in previous years	50,000			
TOTALS: UNITED STATES	$9,908,050①	$6,097,936	$4,599,247	$11,406,739

① Appropriated from current income $5,558,050; from future income $4,350,000.

Appropriations and Payments—United States

ADJUSTMENTS OF APPROPRIATIONS

Refunds from grants made in previous years	
1931–32, Scholarly Publication Fund, Encyclopaedia of the Social Science (B903, B915)	*$1,879*
1946–47, Institute for Advanced Study (B2164)	*9,573*
1948–49, Association of American Colleges (B2364)	*167*
1948–49, University of California (B2292)	*2,504*
1948–49, Johns Hopkins University (B2368)	*5,915*
1949–50, American Council of Learned Societies (B2446)	*1,475*
1949–50, Columbia University (B2439)	*2,529*
1950–51, University of Michigan (X2484)	*676*
1951–52, American Bar Association (X2508)	*20,000*
1951–52, Hamilton College (X2504)	*485*
1952–53, American Council on Education (X2521)	*845*
1952–53, Carnegie Institute of Technology (X2521)	*493*
1952–53, National Research Council (X2521)	*121*
	$46,662

Appropriations and Payments—British Dominions and Colonies

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
British Columbia, University of,				
Teaching and research in anthropology (B2482)		$30,000	$15,000	$15,000
Travel and study (X2557)	$5,200		5,200	
Canadian Association for Adult Education,				
Study of responsibility of the university for adult education (B2667)		12,500	6,500	6,000
Traveling seminar (X2557)	7,500*		7,500	
Cape Town, University of,				
Anthropological research (X2557)	5,500		5,500	
Carnegie Institution of Washington,				
Research appointment of Australian physicist (X2557)	5,000		5,000	
Commonwealth Scientific and Industrial Research Organization, Australia				
Equipment for Division of Radio Physics (B2727)	250,000			250,000
Cornell University,				
Research on social factors in mental health (B2599) (See also page 45)		40,000	20,000	20,000
Educational Testing Service,				
Psychometric fellow from Australia (X2557)	3,000		3,000	
Fourah Bay College,				
Library development (X2557)	2,500* 5,500		2,000	6,000
Humanities Research Council of Canada,				
Travel and study (X2557)	4,000*		4,000	
Faculty travel and study (B2695)	75,000		15,000	60,000
International African Institute,				
Publications program (B2713)	30,000		30,000	
Jamaica, Institute of,				
Work in archives (B2284)		5,100	2,800	2,300
London, University of, Institute of Education,				
Support of series of visiting lecturers and experts from the United States (B2528)		10,000	10,000	
Makerere College,				
Study of African leadership by East African Institute of Social Research (B2670)		80,000	32,000	48,000
McGill University,				
Arctic studies (B2529)		40,000	20,000	20,000
McMaster University,				
Teaching in psychology (B2624)		15,700	6,300	9,400

Appropriations and Payments—British Dominions and Colonies

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
Melbourne, University of, Faculty travel related to research on Indonesia (X2557)	$5,000		$5,000	
Natal, University of, Support of Institute of Social Research (X2570)	35,000		17,500	$17,500
National Committee of Canadian Schools of Social Work, Study of social work education (B2696)	12,000		12,000	
National Conference of Canadian Universities, Travel of delegates in U.S. and Canada (X2557)	12,000		12,000	
New Zealand Library Association, Microfilm equipment (X2457)		$942		942
New Zealand, University of, Research in social sciences (B2668)		48,000	12,000	36,000
Potchefstroom University, Library development (B2527)		5,000	5,000	
Royal Institute of International Affairs, Expenses of Commonwealth Relations Conference (B2684)	24,000		24,000	
Commonwealth fellowships (B2685)	25,000		12,500	12,500
Rural Training and Demonstration Centre of Asaba, Nigeria, Support of program of village community development (B2503)		43,484		43,484
Social Science Research Council of Australia, Grants-in-aid (B2669)		40,000	8,000	32,000
South African Council for Scientific and Industrial Research, Mobile testing laboratory for research on mentality and aptitudes of Africans (X2557)	11,200		11,200	
South African Institute of International Affairs, Development of information library (B2714)	10,000		5,000	5,000
Teachers Insurance and Annuity Association, To strengthen its reserves (B2674) (See also page 48)	187,500		37,500	150,000
Toronto Public Library, Publication of Arthur Papers (X2470)		7,500		7,500
Toronto, University of, Studies in comparative law (B2608)		30,000	10,000	20,000

Appropriations and Payments—British Dominions and Colonies

Recipient and Purpose	*Appropriated or Allocated During 1953–54*	*Balance from Previous Grants*	*Paid During 1953–54*	*Unpaid Balance Carried Forward*
Travel and Study, Grants-in-Aid for				
Grants-in-aid 94 allocations (B2462, B2530, B2621, B2683, X2557, X2522)	$18,974* 150,000	$135,374	$176,345	$110,685
Unallocated				9,344
Dominion journalists 6 allocations	20,200*	55,176	25,437	8,339
Unallocated				21,400
University College, Ibadan, Nigeria, Development of department of extra-mural studies (B2526)		14,000	7,000	7,000
West Indies, University College of the,				
Center for educational research (B2697)	58,000		8,000	50,000
Travel of visiting professor (X2557)	1,900		1,900	
Western Australia, University of, Teaching and research in social anthropology and psychology (B2698)	40,000			40,000
Witwatersrand, University of the, Support of Price Institute of Geophysical Research (B2607)		88,880	24,400	64,480
Yale University, Psychological research in East Africa (B2699)	15,000		15,000	
Various Items, Funds made available but remaining unallocated (B2740)	25,000	25,000		25,000
TOTAL APPROPRIATED OR ALLOCATED: B.D.&C.	$1,043,974			
Less: Allocated from funds voted in previous years	53,174			
TOTALS: B.D.& C.	$990,800①	$726,656	$619,582	$1,097,874

ADJUSTMENTS OF APPROPRIATIONS

Refunds from grants made in previous years:	
1951–52, Association of Universities of the British Commonwealth (B2588)	*$13,788*
1952–53, University of Hong Kong (X2522)	*85*
	$13,873

UNITED STATES AND BRITISH DOMINIONS AND COLONIES

SUMMARY OF APPROPRIATIONS AND PAYMENTS

FOR PURPOSES IN UNITED STATES	$9,908,050	$6,097,936	$4,599,247	$11,406,739
FOR PURPOSES IN BRITISH DOMINIONS AND COLONIES	990,800	726,656	619,582	1,097,874
TOTALS	$10,898,850	$6,824,592	$5,218,829	$12,504,613

① Appropriated from current income $840,800; from future income $150,000.

Grants-in-Aid for Travel and Study—British Dominions and Colonies Program

From Australia

R. W. Baker, Professor of Law, University of Tasmania, Hobart, Australia, to study methods of law teaching and university administration in the United States and Canada

John V. W. Barry, Justice, Supreme Court of Victoria, and Chairman, Department of Criminology, University of Melbourne, Australia, to study recent developments in the field of criminology in the United States, Canada, and Europe

A. J. Birch, Professor of Organic Chemistry, University of Sydney, Australia, to visit chemical research laboratories in the United States and United Kingdom

W. A. Cowan, Librarian, University of Adelaide, Australia, to study recent developments in university library organization in the United States

John G. Fleming, Head of Department of Law, Canberra University College, Australia, to study methods of law teaching and the Law of Tort in the United States and Canada

R. A. Hohnen, Registrar, Australian National University, Canberra, Australia, to study university administration in the United States and Europe

B. W. Hone, Headmaster, Melbourne Church of England Grammar School, South Yarra, Australia, to study American secondary schools and problems of testing, guidance, and transition to college

Duncan Howie, Senior Lecturer in Psychology, New England University, Armidale, Australia, to study recent developments in the teaching of psychology in Europe and the United States

C. E. Moorhouse, Professor of Electrical Engineering, University of Melbourne, Australia, to study recent developments in his field and university organization in Europe and the United States

W. C. Radford, Assistant Director, Australian Council for Educational Research, Melbourne, to study the organization and nature of educational research in the United States and United Kingdom

A. P. Rowe, Vice-Chancellor, University of Adelaide, Australia, to visit universities in North America

K. O. Shatwell, Professor of Law, University of Sydney, Australia, to study legal education in the United States and Canada

V. B. D. Skerman, Chief Lecturer in Bacteriology, University of Queensland, Brisbane, Australia, to visit the United States for consultations with colleagues on problems of bacteriology and microbiology

Edward I. Sykes, Senior Lecturer in Law, University of Queensland, Brisbane, Australia, to study methods of law teaching, with particular reference to the field of labor law, in Europe and the United States

T. C. Truman, Lecturer in Political Science, University of Queensland, Brisbane, Australia, to study American political processes with special reference to the function of pressure groups

I. S. Turner, Principal, Teachers' College, Sydney, Australia, to study teacher training in North America and Europe and to consult with former students in Southeast Asia

From Canada

Jean-Charles Falardeau, Professor of Sociology and Social Research, Laval University, Quebec, Canada, to visit centers of sociological research in Europe and the United States

Guy Henson, Director, Adult Education Division, Department of Education, Halifax, Nova Scotia, Canada, to study significant programs of adult education in the United States and Western Canada

From Ceylon

T. Nadaraja, Professor of Law, University of Ceylon, Peradeniya, to visit law schools in the United States and Canada

From New Zealand

C. J. Adcock, Senior Lecturer in Psychology, Victoria University College, Wellington, New Zealand, to study recent developments in the field of psychology in the United States

Grants-in-Aid for Travel and Study—British Dominions and Colonies Program

DOREEN G. BIBBY, Secretary, New Zealand Library Association, Wellington, to study library services in North America and the functions of library associations

F. W. MITCHELL, Professor of Education, University of Otago, Dunedin, New Zealand, to study recent developments in educational practice and professional training in North America

T. H. SCOTT, Lecturer in Psychology, Canterbury University College, Christchurch, New Zealand, to visit the United States to study teaching and research in physiological psychology

GORDON J. WILLIAMS, Dean, Faculty of Mines and Metallurgy, University of Otago, Dunedin, New Zealand, to visit the United States and Europe to study new developments in teaching and techniques in his field

JAMES WILLIAMS, Principal, Victoria University College, Wellington, New Zealand, to study problems of university administration and recent developments in area studies and general education in the United States and Canada

MELVYN L. WILSON (Miss), Principal, Wellington East Girls' College, New Zealand, to study guidance programs, school-community relations and other aspects of secondary education in North America

From the Union of South Africa

SYDNEY BRENNER, Lecturer, Department of Physiology, University of the Witwatersrand, Johannesburg, South Africa, to study recent work on bacterial viruses and microbial genetics in the United States

A. M. KEPPEL-JONES, Professor of History, University of Natal, Pietermaritzburg, South Africa, to visit the United States to become acquainted with the country and with American history teaching

J. E. KERRICH, Senior Lecturer in Mathematics, University of the Witwatersrand, Johannesburg, South Africa, to study theory and practice of mathematical statistics in the United States

OWEN PRYCE LEWIS, Assistant Director, School of Architecture, University of Cape Town, South Africa, to study American architecture and architectural education

E. G. PELLS, Professor of Education, University of Cape Town, South Africa, to study teacher training in Europe and North America

O. F. RAUM, Professor of Education, University College of Fort Hare, Cape Province, South Africa, to study the organization and administration of Negro and inter-racial higher education in the United States

H. J. VENTER, Senior Lecturer in Sociology, University of Pretoria, South Africa, to study criminal psychology and penology in the United States

C. W. WRIGHT, Chief, Division for Readjustment of Disabled Persons, Department of Social Welfare, Pretoria, South Africa, to study vocational rehabilitation of handicapped persons in the United States and Canada

From the Colonies

ERNEST CLARK, Librarian, University of Malaya, Singapore, to visit the United States to study recent developments in library administration, architecture, and microfilm techniques

RICHARD D'AETH, Professor of Education, University College of the West Indies, Mona, Jamaica, to study problems of teacher training and programs of educational research in the United States

BARBARA DODDS, Physical Education Organizer, Education Department, Nairobi, Kenya, East Africa, to study physical education practice and training in the United States and Canada

BEATRICE JOLY, Professor of Surgery, University College, Ibadan, Nigeria, to study the distribution of certain surgical diseases among Negroes of West African descent in the United States

J. B. POLDING, Professor of Veterinary Science, Makerere College, Kenya, East Africa, to study methods of veterinary training in the United States

VICTOR L. ROBINSON, Attorney-General, Federation of Rhodesia and Nyasaland, Salisbury, Southern Rhodesia, to study the functioning and problems of the federal system in Australia

From the United States

R. J. HAVIGHURST, Professor of Education, University of Chicago, Illinois, to study the latest developments in education and social research in the Union of South Africa

FROM THE TREASURER'S OFFICE

Financial Review of the Year

The financial position of Carnegie Corporation at September 30, 1954, and its income and disbursements for the year ended on that date as compared with those of the year ended September 30, 1953, are summarized in the tables in this report.

ASSETS

	Sept. 30, 1954	%	(+) *Increase or* (−) *Decrease During the Year*
Marketable Securities			
U. S. Government Bonds	$71,439,838	41.16	−$2,194,636
Other Bonds	40,242,819	23.18	− 779,106
Preferred Stocks	8,990,234	5.18	
Common Stocks	50,762,571	29.25	+ 4,449,805
Reversionary Interests	1,032,925	.60	− 1,788
Cash	751,545	.43	− 20,204
Other Assets	355,239	.20	− 6,740,499
	$173,575,171	100.00	−$5,286,428

The book value of all securities was $171,435,462, an increase of $1,476,063 during the year; market value was $217,389,215, an increase of $30,284,382.

The Corporation's assets include certain items of income appropriated for specific purposes but not yet paid out under the agreed schedules of payment and the remainder of the income of the British

Dominions and Colonies Fund which accumulated during the war years when it could not be spent. The total of income so set aside is:

	Sept. 30, 1954		(+) *Increase or* (−) *Decrease During the Year*
Reserves			
Carnegie Foundation Pensions	$1,095,001		
Professors' Annuities	759,118		
		$1,854,119	−$7,347,506
Appropriations Payable	$12,504,613		
Less Payable out of future income United States	4,066,044		
		8,438,569	+ 1,646,962
Unappropriated Income—British Dominions and Colonies		748,359	− 461,983
		$11,041,047	−$6,162,527

Deducting the foregoing items representing income from the total assets leaves $162,534,124. This is the Corporation's capital fund from the earnings of which it carries on its activities; it is made up of:

	Sept. 30, 1954	(+) *Increase During the Year*
Endowment and Legacies	$135,336,869	
Accumulated Net Profit on Sales and Redemption of Securities	27,197,255	
	$162,534,124	+$876,099

The sharp decline in "Other Assets" arises from the decision of the Executive Committee and the Board to carry at the nominal value of $1 the advances made by the Corporation from income to the Carnegie Foundation for the Advancement of Teaching to enable the Foundation to meet its obligations for payment of free pensions to retired college and university teachers and their widows. These advances are to be repaid by the Foundation without interest from time to time in the future from whatever income it has available after the payment of pensions and other expenses and their present value is of course dependent on the rate of repayment. There is no way to determine this

at the present time. So far the Corporation has advanced $7,960,000 under its commitment to the Foundation, which calls for total advances not to exceed $15,000,000 over the period 1943 to 1961. Through September 30, 1954, the Corporation has set aside $9,055,000 from its income so as to have funds available for the purpose and is continuing to set aside $900,000 annually.

The largest dollar item included in "Other Assets" is $334,195, the appraised value, when acquired in 1925 from Mr. Carnegie's Estate, of the entire capital stock of Home Trust Co. (except directors' qualifying shares). At August 23, 1954, net assets of Home Trust Co. (principally cash and marketable securities) underlying its capital stock amounted to $422,768. Home Trust Co. was organized in 1901 in New Jersey to care for certain of Mr. Carnegie's financial interests. It is the Trustee for several trusts established by Mr. Carnegie for the purpose of paying pensions to various individuals. Carnegie Corporation has the reversionary interest in some of these trusts. The Carnegie House properties, carried on the Corporation books at the nominal value of $1, consist of two buildings located at Two East Ninety-first Street and Nine East Ninetieth Street, New York City. The properties are leased rent-free until September 30, 1970, to the New York School for Social Work, an affiliated graduate school of Columbia University. This year the New York School sublet the small building on the properties, that at Nine East Ninetieth Street, to the New York School for Nursery Years with the Corporation's approval.

During the year the Corporation reduced its holdings of U. S. Government bonds by $2,194,636 and of other bonds by $779,106. Its investment in common stocks increased by $4,449,805. There was no change in the preferred stock list. The sales of U. S. Government bonds brought in a net realized loss, but this was more than offset by the gains on sales of common stocks to buy other common stocks. The net gain on all security sales was $876,099. The market value of all bonds and preferred stocks held at the year end was $2,182,682 more than cost. The market value of the common stocks held rose sharply during the year and was, at the year end, $43,771,071 above cost.

Over 99% of the Corporation's assets is made up of cash and marketable securities at cost. The year end market value of the marketable securities was $45,953,753 above their cost. Accumulated net gains on capital assets since the Corporation's founding, carried on the books as Depreciation Reserve, were $27,197,255. This Reserve is to provide for possible future losses from sale or redemption of securities and loss of premiums on bonds or in the recovery of the remaining reversionary interests in the trusts handled by Home Trust Co.

INCOME AND APPROPRIATIONS

	1953–54	(+) *Increase or* (−) *Decrease from 1952–53*
Dividends and Interest on Securities	$7,786,147	+ $426,561
Income recovered from Reversionary Interests	2,105	− 210,482
	$7,788,252	+ $216,079
Administration Expenses	546,581	+ 73,881
	$7,241,671	+ $142,198
Transferred to Reserves	936,632	− 10,580
	$6,305,039	+ $152,778
Appropriations		
Authorized (excluding those deferred)	6,398,850	+1,436,737
Of previous years for payment in 1953–54	95,000	−1,270,000
Excess of Appropriations over Income for the year	$188,811	+ $13,959
Appropriations refunded during the year	98,769	− 19,168
Unappropriated Income brought forward from 1952–53	1,292,357	− 56,915
Balance unappropriated and carried forward to 1954–55	$1,202,315	− $90,042
United States	$303,956	+ $246,941
British Dominions and Colonies	$898,359	− $336,983

The income received from securities during the year was equal to a return of 4.54% on the cost of securities held at the year end; in the preceding year it was 4.33%.

The Detailed Record

The Corporation received from Home Trust Co. a small amount of excess income from the Pensions Trust on account of its reversionary interest. Through the application of the formula devised by Counsel for allocating such payments, $2,105 was transferred to income and the remainder of $1,789 was used to reduce the value at which the reversionary interests are carried in the Corporation accounts.

AUDIT

As required by the By-Laws, the accounts of the Corporation have been audited by independent public accountants, Price Waterhouse & Co., whose opinion appears on page 76.

C. HERBERT LEE
TREASURER

CARNEGIE CORPORATION OF NEW YORK

EXHIBIT I

BALANCE SHEET

SEPTEMBER 30, 1954

Assets

Securities at Book Amounts (SCHEDULE A and NOTE 1)		
Bonds		
U. S. Government	$71,439,838	
Other	40,242,819	
Stocks		
Preferred	8,990,234	
Common	50,762,571	
Total (Approximate market quotations $217,389,215)		$171,435,462
Reversionary Interests		
Annuitants Trusts	$943,730	
Pensions Trust	64,900	
Carnegie Hall Pension Trust	24,295	
		1,032,925
Cash		751,545
Other Assets (NOTE 2)		
Home Trust Co., Capital Stock	$334,195	
Note Receivable—President	21,042	
Carnegie Foundation—Advances on pensions	1	
Carnegie House Properties	1	
		355,239
		$173,575,171

NOTES

1. Investments in securities are carried generally at cost if purchased or at quoted market value at dates of receipt if acquired by gift.
2. See page 57.

CARNEGIE CORPORATION OF NEW YORK

EXHIBIT I

BALANCE SHEET

SEPTEMBER 30, 1954

Funds, Reserves and Liabilities

Capital Fund			
Endowment		$125,000,000	
Legacies		10,336,869	
Depreciation Reserve (NOTE 2)			
Balance at beginning of year	$26,321,156		
Add: Profit on sale of securities	876,099		
Balance at end of year		27,197,255	
			$162,534,124
Reserves			
Carnegie Foundation Pensions (NOTE 2)		$1,095,001	
Professors' Annuities		759,118	
			1,854,119

	British Dominions & Colonies	*United States*		
Appropriations Authorized				
Current—Payable from income received prior to September 30, 1954	$947,874	$7,036,739	$7,984,613	
Deferred—Payable from income of the fiscal years ending				
September 30, 1955	$37,500	$1,232,500		
September 30, 1956	37,500	1,212,500		
September 30, 1957	37,500	1,212,500		
September 30, 1958	37,500	712,500		
	$150,000	$4,370,000	4,520,000	
Totals	$1,097,874	$11,406,739		12,504,613
Appropriations in Excess of Income to Date Payable Out of Future Income, United States (EXHIBIT II)				*4,066,044*
Income in Excess of Appropriations to Date British Dominions and Colonies (EXHIBIT III)				748,359
				$173,575,171

EXHIBIT II

UNITED STATES

Statement of Income, Expenses and Appropriations

For the Year Ended September 30, 1954

and Appropriations Payable Out of Future Income

Income			
Dividends and interest on securities (SCHEDULE A)		$7,240,307	
Income portion of Reversionary Interests recovered during the year*		2,105	
Interest on note		896	
			$7,243,308
Administration expenses (SCHEDULE C)			516,581
Net Income			$6,726,727
Transfer to reserves			
Carnegie Foundation—Pensions		$900,000	
Professors' Annuities		36,632	
			936,632
Income available for appropriations			$5,790,095
Appropriations of current income			
Authorized during current year		$5,558,050	
Authorized during prior years		70,000	
		$5,628,050	
Deduct			
Appropriations refunded	$46,662		
Recovery on Housing Improvement Fund	38,234	84,896	
			5,543,154
Income in excess of appropriations for the year			$246,941
Balance, unappropriated income, October 1, 1953			57,015
Balance, unappropriated income, September 30, 1954			$303,956
Deduct—Appropriations authorized payable out of future income (see EXHIBIT I)			$4,370,000
Appropriations in excess of income to date payable out of future income			$4,066,044

*Income from Reversionary Interests, see page 61.

CARNEGIE CORPORATION OF NEW YORK

EXHIBIT III

BRITISH DOMINIONS AND COLONIES

Statement of Income, Expenses and Appropriations

For the Year Ended September 30, 1954

and Unappropriated Income

Income		
Dividends and interest on securities (SCHEDULE A)		$544,944
Administration expenses (SCHEDULE C)		30,000
Income available for appropriations		$514,944
Appropriations of current income		
Authorized during current year	$840,800	
Authorized during prior years	25,000	
	$865,800	
Deduct—Amounts refunded	13,873	
		851,927
Appropriations in excess of income for the year		$336,983
Balance, unappropriated income, October 1, 1953		1,235,342
Balance, unappropriated income, September 30, 1954		$898,359
Deduct—Appropriations authorized payable out of future income (see EXHIBIT I)		150,000
Income in excess of appropriations to date		$748,359

SCHEDULE A

Summary of Securities Held

September 30, 1954

and Income for the Year

	Rights	*Shares*	*Par*	*Book Amount*	*Approximate Market Quotations*	(+) *Greater or* (−) *Less than Book*	*Net Income*
Bonds							
U. S. Government			$70,580,000	$71,439,838	$73,240,177	+ $1,800,339	$2,035,239
Others			39,809,773	40,242,819	40,217,332	− 25,487	1,307,848
Totals			$110,389,773	$111,682,657			$3,343,087
Stocks							
Preferred		112,309		8,990,234	9,398,064	+ 407,830	385,241
Common	33,000	1,573,926		50,762,571	94,533,642	+ 43,771,071	4,056,923
Totals, SCHEDULE B	33,000	1,686,235	$110,389,773	$171,435,462	$217,389,215	+$45,953,753	
Total Income							$7,785,251

British Dominions and Colonies—Allocated in accordance with Resolution B2263	$544,944
United States	7,240,307
	$7,785,251

Summary of Security Transactions

During Year Ended September 30, 1954

	Rights	*Shares*	*Par*	*Book Amount*
Balance, October 1, 1953	13,200	1,606,510	$113,938,773	$169,959,399
Purchased, Transferred or Exchanged	101,450	340,170	50,481,000	64,476,465
Totals	114,650	1,946,680	$164,419,773	$234,435,864
Sold, Redeemed or Exchanged	81,650	260,445	54,030,000	63,000,402
Balance, September 30, 1954	33,000	1,686,235	$110,389,773	$171,435,462
Net Profit on Securities Sold, Redeemed or Exchanged				$876,099

CARNEGIE CORPORATION OF NEW YORK

SCHEDULE B

Statement of Securities

As of September 30, 1954

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
U. S. Government			
Treasury			
3¼s, June 15, 1978–83	$17,500,000	$18,019,344	$19,315,625
2¾s, Sept. 15, 1961	2,400,000	2,400,000	2,481,000
2⅜s, June 15, 1958	5,000,000	5,000,000	5,101,563
2⅜s, March 15, 1957–59	13,648,000	13,836,820	13,925,225
2¼s, June 15, 1959–62	19,382,000	19,384,411	19,478,910
Treasury Notes			
2⅞s, March 15, 1957	10,000,000	10,150,469	10,306,250
Savings*			
2.76%, Ser. K, April 1, 1966 (Registered)	200,000	200,000	200,000
2½s, Ser. G, Jan. 1, 1955 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Jan. 1, 1956 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Jan. 1, 1957 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Jan. 1, 1958 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Feb. 1, 1959 (Registered)	100,000	100,000	100,000
2½s, Ser. G, June 1, 1960 (Registered)	100,000	100,000	100,000
2½s, Ser. G, July 1, 1960 (Registered)	900,000	900,000	900,000
2½s, Ser. G, Jan. 1, 1961 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Jan. 1, 1963 (Registered)	100,000	100,000	100,000
Treasury			
2½s, Investment Ser. A, Oct. 1, 1965 (Registered)	250,000	250,000	232,340
Treasury Bills			
Nov. 26, 1954	500,000	498,794	499,264
Totals	$70,580,000	$71,439,838	$73,240,177

* Market values shown are maturity values rather than redemption values at September 30, 1954.

Schedule B—Statement of Securities

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
Allied Chemical & Dye Corp.,			
Deb. 3½s, April 1, 1978	$1,100,000	$1,089,000	$1,153,625
Aluminum Co. of Canada, Ltd.,			
S. F. Deb. 3⅞s, May 1, 1970	1,000,000	1,015,000	1,052,500
American Telephone & Telegraph Co.,			
Deb. 3⅜s, Dec. 1, 1973	1,012,000	1,028,542	1,062,600
Deb. 2⅞s, June 1, 1987	275,000	279,875	266,750
Deb. 2¾s, Feb. 1, 1971	1,000,000	1,007,970	976,250
Deb. 2¾s, Oct. 1, 1975	552,000	551,539	534,060
Deb. 2¾s, Aug. 1, 1980	215,000	215,000	205,594
Bethlehem Steel Corp.,			
Cons. S. F. 2¾s, Ser. I, July 15, 1970	275,000	279,813	272,938
Buffalo Niagara Electric Corp.,			
1st 2¾s, Nov. 1, 1975	225,000	229,635	219,938
Carolina, Clinchfield & Ohio Ry. Co.,			
1st 4s, Ser. A, Sept. 1, 1965	176,000	180,526	186,120
Chicago, Milwaukee, St. Paul & Pacific R. R. Co.,			
Eq. Tr. Ctfs. 1⅞s, Ser. Z, Jan. 1, 1956	100,000	97,892	100,090
Eq. Tr. Ctfs. 1⅞s, Ser. Z, Jan. 1, 1957	75,000	72,937	74,633
Eq. Tr. Ctfs. 1⅞s, Ser. Z, July 1, 1957	75,000	72,838	74,355
Chicago & North Western Ry. Co.,			
2nd Eq. Tr. Ctfs. 2⅜s, Aug. 1, 1959	190,000	188,745	186,789
2nd Eq. Tr. Ctfs. 2⅜s, Aug. 1, 1960	210,000	207,493	204,120
Chicago & Western Indiana R. R. Co.,			
1st S. F. 4⅜s, Ser. A, May 1, 1982	489,000	499,269	518,340
C.I.T. Financial Corp.,			
Notes 2¾s, Nov. 1, 1954 (Registered)	500,000	500,000	500,000
Notes 2¾s, Nov. 1, 1955 (Registered)	500,000	500,000	500,000
Notes 2¾s, Nov. 1, 1956 (Registered)	500,000	500,000	500,000
Promissory Notes 3½s, April 15, 1959 (Registered)	500,000	500,000	504,000
Commonwealth Edison Co.,			
1st 3s, Ser. L, Feb. 1, 1977	250,000	260,625	253,750
S. F. Deb. 3s, April 1, 1999	392,000	404,544	392,000
Consolidated Edison Co. of New York, Inc.,			
1st & Ref. 3s, Ser. D, Nov. 1, 1972	290,000	293,045	295,800
1st & Ref. 2¾s, Ser. C, June 1, 1972	275,000	280,500	272,250
Deere & Co.,			
Deb. 2¾s, April 1, 1965	350,000	357,000	351,750
Food Machinery Corp.,			
S. F. Deb. 2½s, March 15, 1962	350,000	353,063	339,500
General Electric Credit Corp.,			
Notes 2½s, Nov. 1, 1954 (Registered)	500,000	500,000	500,000

Schedule B—Statement of Securities

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
General Motors Acceptance Corp.,			
Deb. 4s, July 1, 1958	$890,000	$890,000	$924,488
Deb. 3⅞s, Sept. 15, 1961	2,000,000	1,990,000	2,075,000
Goodrich Co., B. F.,			
Promissory Notes 3¼s, Sept. 1, 1977	1,425,000	1,425,000	1,436,543
Household Finance Corp.,			
S. F. Deb. 2¾s, July 1, 1970	425,000	427,550	412,250
Illinois Central R. R. Co.,			
Eq. Tr. Ctfs. 2¼s, Ser. BB, Jan. 1, 1957	200,000	197,642	201,100
Eq. Tr. Ctfs. 2¼s, Ser. BB, Jan. 1, 1958	100,000	98,206	100,310
Eq. Tr. Ctfs. 2¼s, Ser. DD, May 1, 1958	121,000	119,393	121,206
Eq. Tr. Ctfs. 2¼s, Ser. BB, July 1, 1958	100,000	97,910	100,180
Eq. Tr. Ctfs. 2¼s, Ser. DD, May 1, 1959	66,000	64,736	65,716
International Bank for Reconstruction & Development,			
3½s, Jan. 1, 1969	500,000	506,250	515,000
3s, July 15, 1972	766,000	766,000	760,255
Lilly & Co., Eli,			
Notes 3½s, Jan. 1, 1982 (Registered)	500,000	500,000	508,800
Metropolitan Edison Co.,			
1st 2⅞s, Nov. 1, 1974	250,000	253,437	251,250
Minnesota Mining & Manufacturing Co.,			
S. F. Deb. 2¾s, Oct. 1, 1967	268,000	270,010	268,670
Minnesota Power & Light Co.,			
1st 3⅛s, Sept. 1, 1975	285,000	293,725	286,425
New England Telephone & Telegraph Co.,			
Deb. 3s, Oct. 1, 1982	330,000	335,363	330,000
New York & Pennsylvania Co., Inc.,			
1st 3¼s, Oct. 1, 1965 (Registered)	750,000	750,000	743,175
New York Power & Light Corp.,			
1st 2¾s, March 1, 1975	325,000	332,281	316,469
New York Steam Corp.,			
1st 3½s, July 1, 1963	225,000	238,781	230,063
Northern Pacific Ry. Co.,			
Eq. Tr. Ctfs. 2⅜s, March 15, 1957	275,000	275,499	276,458
Eq. Tr. Ctfs. 2⅜s, March 15, 1960	80,000	79,309	78,688
Eq. Tr. Ctfs. 2⅜s, June 15, 1960	170,000	167,387	166,651
Northern States Power Co.,			
1st 2¾s, Oct. 1, 1975	350,000	357,192	342,125
Oklahoma Gas & Electric Co.,			
1st 2¾s, Feb. 1, 1975	300,000	305,215	287,250
Oregon-Washington R. R. & Navigation Co.,			
Ref. 3s, Ser. A, Oct. 1, 1960	626,000	646,015	638,520

Schedule B—Statement of Securities

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
Pacific Fruit Express Co.,			
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1955 (Registered)	$350,000	$353,872	$351,435
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1956 (Registered)	350,000	353,340	354,340
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1957 (Registered)	300,000	302,150	304,410
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1958 (Registered)	300,000	301,191	304,290
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1959 (Registered)	350,000	350,000	354,270
Pacific Gas & Electric Co.,			
1st & Ref. 3s, Ser. L, June 1, 1974	250,000	260,000	255,000
1st & Ref. 3s, Ser. M, Dec. 1, 1979	575,000	622,281	580,750
1st & Ref. 2⅞s, Ser. Q, Dec. 1, 1980	275,000	271,344	269,844
Pacific Telephone & Telegraph Co.,			
Deb. 3⅛s, Oct. 1, 1987	295,000	298,688	300,163
Deb. 2⅞s, Oct. 1, 1986	340,000	351,075	328,525
Panhandle Eastern Pipe Line Co.,			
Deb. 2¼s, May 1, 1959	143,000	138,914	139,940
Deb. 2¼s, May 1, 1960	132,000	127,068	128,264
Deb. 2¼s, May 1, 1961	167,000	161,795	161,021
Pennsylvania R. R. Co.,			
Eq. Tr. Ctfs. 2½s, Ser. V, Nov. 1, 1955	250,000	252,946	252,000
Eq. Tr. Ctfs. 2⅛s, Ser. S, July 1, 1962	200,000	191,901	189,300
Philadelphia Electric Co.,			
1st & Ref. 2⅞s, Feb. 1, 1978	275,000	272,938	275,688
1st & Ref. 2¾s, Nov. 1, 1967	273,000	274,883	274,365
Public Service Co. of Indiana, Inc.,			
1st 3⅛s, Ser. F, Sept. 1, 1975	245,000	251,027	248,063
Public Service Co. of Oklahoma,			
1st 2¾s, Ser. A, July 1, 1975	225,000	230,388	217,125
Reynolds Tobacco Co., R. J.,			
Deb. 3s, Oct. 1, 1973	491,000	508,713	491,000
St. Louis-San Francisco Ry. Co.,			
Eq. Tr. Ctfs. 2¾s, Ser. A, Jan. 15, 1957	80,000	79,685	81,336
Shell Caribbean Petroleum Co.,			
4s, Oct. 1, 1968 (Registered)	4,800,000	4,800,000	4,800,000
Skelly Oil Co.,			
Deb. 2¾s, July 1, 1965	370,000	376,475	373,700
Southern Pacific Co.,			
Eq. Tr. Ctfs. 2⅛s, Ser. Z, Jan. 1, 1956	250,000	247,828	251,450
Eq. Tr. Ctfs. 2⅛s, Ser. Z, Jan. 1, 1957	250,000	246,566	253,175
Eq. Tr. Ctfs. 2s, Ser. V, Aug. 1, 1956	105,000	103,728	105,189
Eq. Tr. Ctfs. 2s, Ser. V, Aug. 1, 1957	170,000	166,985	169,541

Schedule B—Statement of Securities

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
Southern Ry. Co.,			
1st Cons. 5s, July 1, 1994	$381,000	$504,790	$506,730
Eq. Tr. Ctfs. 2½s, Ser. RR, June 15, 1958	125,000	125,810	126,325
Eq. Tr. Ctfs. 2½s, Ser. RR, Dec. 15, 1958	125,000	125,573	126,250
Eq. Tr. Ctfs. 2⅜s, Ser. QQ, April 1, 1958	100,000	98,999	100,590
Eq. Tr. Ctfs. 2⅜s, Ser. QQ, Oct. 1, 1958	150,000	148,425	150,720
Southern Ry. Co.,			
Participation in sale agreement covering railway equipment 2.95%, Oct. 1, 1957–61*	957,773	957,773	957,773
Standard Oil Co. (Indiana),			
Conv. Deb. 3⅛s, Oct. 1, 1982	500,000	525,250	556,250
Standard Oil Co. (N. J.),			
Deb. 2¾s, July 15, 1974	850,000	854,250	845,750
Swift & Co.,			
Deb. 2⅝s, Jan. 1, 1972	101,000	101,505	98,980
Tennessee Gas & Transmission Co.,			
1st 3½s, Sept. 1, 1971	492,000	491,675	490,770
1st 2¾s, April 1, 1966	219,000	222,285	210,240
Texas Electric Service Co.,			
1st 2¾s, March 1, 1975	285,000	287,850	275,025
United Biscuit Co. of America,			
Deb. 2¾s, April 1, 1966	135,000	137,888	135,338
Virginia Electric & Power Co.,			
1st & Ref. 2¾s, Ser. E, March 1, 1975	275,000	279,813	269,500
West Penn Power Co.,			
1st 3½s, Ser. I, Jan. 1, 1966	325,000	344,775	342,875
1st 3s, Ser. L, May 1, 1974	275,000	288,625	275,688
Totals	$39,809,773	$40,242,819	$40,217,332
Totals, Bonds	$110,389,773	$111,682,657	$113,457,509

Preferred Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
Air Reduction Co., Inc., (conv. cum.) 4.50%	1,000	$102,869	$113,000
American Brake Shoe Co., (conv. cum.) 4%	1,100	110,000	111,100
Appalachian Electric Power Co., (cum.) 4½%	1,859	212,151	205,652
Atchison, Topeka & Santa Fe Ry. Co., (non-cum.) 5%	6,000	271,487	355,500
Bethlehem Steel Corp., (cum.) 7%	2,500	300,156	412,500
Cleveland Electric Illuminating Co., (cum.) $4.50	3,500	388,055	378,000

* Amount shown under market value is maturity value.

Schedule B—Statement of Securities

Preferred Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
Connecticut Light & Power Co., (cum.) $2.	5,500	$295,354	$277,750
Consolidated Gas Electric Light & Power Co. of Baltimore, (cum.) "B" 4½%	1,400	165,322	156,275
Consumers Power Co., (cum.) $4.50	1,580	179,808	175,578
Dayton Power & Light Co., (cum.) "A" 3.75%	2,200	220,000	207,900
Du Pont de Nemours & Co., E. I., (cum.) $4.50	2,500	305,793	306,563
General Mills, Inc., (cum.) 5%	1,000	127,137	123,125
General Motors Corp., (cum.) $5.	5,000	501,939	626,875
Hartford Electric Light Co., (cum.) 3.90%	2,200	110,000	108,350
International Nickel Co. of Canada, Ltd., (cum.) 7%	1,350	184,133	184,950
Kansas City Power & Light Co., (cum.) 4%	300	29,767	31,200
Kansas Power & Light Co., (cum.) 4½%	2,300	257,017	242,075
Monongahela Power Co., (cum.) 4.40%	2,750	306,794	287,375
Monsanto Chemical Co., (cum.) "C" $3.85	5,000	500,000	500,000
New York State Electric & Gas Corp., (cum.) 3.75%	2,700	265,725	261,900
Niagara Mohawk Power Corp., (cum.) 3.90%	2,140	222,560	212,395
(cum.) 3.60%	2,300	236,555	213,325
Northern States Power Co., (cum.) $3.60	1,130	116,107	103,113
Ohio Edison Co., (cum.) 4.40%	1,100	122,735	120,175
(cum.) 3.90%	2,800	287,350	276,150
Ohio Power Co., (cum.) 4½%	1,300	148,830	144,300
Pacific Gas & Electric Co., 1st (cum.) 5% Redeemable	21,000	552,493	661,500
Pennsylvania Power & Light Co., (cum.) 4½%	1,100	124,614	121,275
Public Service Co. of Colorado, (cum.) 4¼%	1,400	140,000	143,850
Public Service Co. of Oklahoma, (cum.) 4%	1,500	154,125	144,000
Public Service Electric & Gas Co., (cum.) 4.08%	2,500	255,000	256,250
Pure Oil Co., (cum.) 5%	2,900	234,052	316,100
Scovill Manufacturing Co., (conv. cum.) 4.30%	1,500	150,526	157,500
South Carolina Electric & Gas Co., (cum.) 5%	3,300	173,468	175,313
Southern California Edison Co., (cum.) 4.32%	6,200	178,350	173,600
Union Electric Co. of Missouri, (cum.) $4.50	1,300	148,781	145,600
U. S. Steel Corp., (cum.) 7%	3,500	484,552	560,000
Virginia Electric & Power Co., (cum.) $5.	1,900	230,734	217,550
West Penn Power Co., (cum.) 4½%	1,700	195,895	190,400
Totals, Preferred Stocks	112,309	$8,990,234	$9,398,064

Common Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
Allied Chemical & Dye Corp.	16,800	$768,638	$1,635,900
Aluminum, Ltd.	9,800	494,022	681,100
Aluminum Co. of America	5,400	246,151	442,800
American Brake Shoe Co.	10,450	391,268	344,850
American Can Co.	30,000	842,047	1,248,750
American Cyanamid Co.	8,000	437,789	397,000
American Gas & Electric Co.	28,843	622,103	1,034,743

Schedule B—Statement of Securities

Common Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
American Telephone & Telegraph Co.	18,800	$2,728,969	$3,233,600
Atchison, Topeka & Santa Fe Ry. Co.	14,000	761,954	1,620,500
Babcock & Wilcox Co.	10,000	458,046	593,750
Bankers Trust Co.	7,300	336,111	399,675
Bendix Aviation Corp.	13,375	491,540	1,203,750
Bethlehem Steel Corp.	12,700	729,710	981,075
Borg-Warner Corp.	6,600	450,690	630,300
Carrier Corp.	7,000	411,096	360,500
Caterpillar Tractor Co.	10,400	361,083	676,000
Central & South West Corp.	20,500	407,371	550,938
Christiana Securities Co.	115	640,320	1,069,500
Cleveland Electric Illuminating Co.	9,000	342,314	542,250
Commonwealth Edison Co.	24,700	737,843	1,077,538
Consolidated Edison Co. of New York, Inc.	23,000	949,630	1,055,125
Consolidated Natural Gas Co.	6,200	283,236	453,375
Consumers Power Co.	18,535	639,992	861,878
Continental Can Co., Inc.	14,500	606,972	1,049,438
Continental Oil Co.	12,000	237,998	852,000
Crown Zellerbach Corp.	12,000	420,659	663,000
Dayton Power & Light Co.	11,000	313,178	484,000
Deere & Co.	20,800	686,261	595,400
Dow Chemical Co.	10,000	372,157	410,000
Du Pont de Nemours & Co., E. I.	7,500	323,364	1,083,750
Eastman Kodak Co.	14,200	418,864	857,325
Firestone Tire & Rubber Co.	10,000	722,944	810,000
Florida Power & Light Co.	15,000	707,424	716,250
General Electric Co.	91,200	993,260	3,990,000
General Motors Corp.	40,000	877,779	3,620,000
Goodrich Co., B. F.	18,000	362,521	1,854,000
Goodyear Tire & Rubber Co.	5,000	385,609	407,500
Guaranty Trust Co. of New York	3,500	196,430	252,000
Gulf Oil Corp.	27,905	697,265	1,716,158
Halliburton Oil Well Cementing Co.	26,000	644,431	1,459,250
Hudson Bay Mining & Smelting Co., Ltd.	16,500	433,999	825,000
Humble Oil & Refining Co.	9,200	203,039	782,000
Illinois Power Co.	12,000	357,234	571,500
Ingersoll-Rand Co.	12,000	593,425	1,626,000
Inland Steel Co.	10,000	373,945	636,250
International Nickel Co. of Canada, Ltd.	10,000	360,550	490,000
International Paper Co.	10,000	481,029	780,000
Johns-Manville Corp.	21,000	823,967	1,614,375
Kaiser Aluminum & Chemical Corp.	20,000	626,198	755,000
Kennecott Copper Corp.	17,000	486,491	1,462,000
Kimberly-Clark Corp.	11,000	531,718	808,500
Kresge Co., S. S.	24,000	702,277	696,000
Libbey-Owens-Ford Glass Co.	8,000	146,866	483,000
Louisiana Land & Exploration Co.	7,000	385,787	521,500
Louisville & Nashville R. R. Co.	8,100	610,893	562,950
Mercantile Stores Co., Inc.	12,000	197,062	226,500
Middle South Utilities, Inc.	33,000	566,989	1,027,125
Minneapolis-Honeywell Regulator Co.	7,700	360,359	700,700
Monsanto Chemical Co.	6,600	181,530	584,925
Montana Power Co.	14,200	418,043	527,175
Murphy Co., G. C.	7,800	324,627	394,050

Schedule B—Statement of Securities

Common Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
National Cash Register Co.	6,000	$496,844	$537,000
National Dairy Products Corp.	14,000	346,252	547,750
National Lead Co.	21,000	114,800	1,147,125
National Steel Corp.	8,000	290,688	406,000
Newmont Mining Corp.	7,300	404,988	428,875
Niagara Mohawk Power Corp.	37,000	1,044,868	1,165,500
North American Co.	43,000	334,228	1,107,250
Northern Natural Gas Co.	10,400	362,514	470,600
Pacific Gas & Electric Co.	20,600	723,747	911,550
Panhandle Eastern Pipe Line Co.	14,350	350,607	1,065,488
Penney Co., Inc., J. C.	6,800	190,714	596,700
Phelps Dodge Corp.	34,000	539,142	1,445,000
Pittsburgh Plate Glass Co.	16,500	497,640	1,006,500
Procter & Gamble Co.	8,000	365,301	742,000
Pure Oil Co.	6,000	366,477	375,000
Scott Paper Co.	9,600	248,007	470,400
Seaboard Oil Co.	7,800	226,039	292,500
Sears, Roebuck & Co.	19,500	400,399	1,443,000
Shamrock Oil & Gas Corp.	13,200	347,284	655,050
Shell Oil Co.	18,000	650,414	1,008,000
Sherwin-Williams Co.	8,800	375,515	851,400
Sinclair Oil Corp.	8,000	324,254	369,000
Socony-Vacuum Oil Co., Inc.	26,100	706,416	1,259,325
Southern California Edison Co.	21,000	819,258	926,625
Southern Ry. Co.	12,000	493,782	675,000
Sperry Corp.	13,000	570,858	1,001,000
Standard Oil Co. of California	9,700	367,877	734,775
Standard Oil Co. (Indiana)	7,400	264,308	687,275
Standard Oil Co. (N. J.)	17,123	415,037	1,712,300
Texas Co.	16,000	300,095	1,264,000
Thompson Products, Inc.	9,350	338,822	827,475
Union Carbide & Carbon Corp.	20,000	428,070	1,672,500
Union Pacific R. R. Co.	11,000	760,906	1,474,000
United Aircraft Corp.	10,000	443,766	620,000
United Gas Corp.	33,000	558,273	1,060,125
United Gas Improvement Co.	11,000	205,668	411,125
U. S. Plywood Corp.	12,980	344,048	407,248
U. S. Steel Corp.	19,200	696,596	1,077,600
Westinghouse Electric Corp.	27,000	636,990	1,971,000
Weyerhaeuser Timber Co.	12,000	370,548	1,080,000
Wisconsin Electric Power Co.	21,000	375,464	679,875
Totals	1,573,926	$50,762,571	$94,527,454

Rights	*Rights*	*Approximate Market Quotations*
Middle South Utilities, Inc.	33,000	$6,188
Totals, Common Stocks		$94,533,642

CARNEGIE CORPORATION OF NEW YORK

SCHEDULE C

Administration Expenses

For the Year Ended September 30, 1954

Salaries		$286,859
Insurance and Retirement Benefits		28,601
Pensions		14,843
Custody of Securities and Safe Rent		22,316
Auditing		2,800
Investment Service		36,000
Legal Service		21,589
Public Relations Service		2,213
Rent		25,448
Offices—Maintenance, etc.		4,810
Office Supplies		4,948
Telephone, Telegraph and Postage		7,328
Printing and Distribution		
(a) Annual and Quarterly Reports	16,146	
(b) Other Publications	9,347	
Review of Proposals and Grants	14,310	
Travel	18,321	
Miscellaneous	22,571	
		$538,450
Office Moving Expenses (X2575)		8,131
		$546,581
Less		
Charges to British Dominions and Colonies		30,000
Total		$516,581

PRICE WATERHOUSE & CO.

56 Pine Street
New York, November 8, 1954

To the Board of Trustees,
Carnegie Corporation of New York

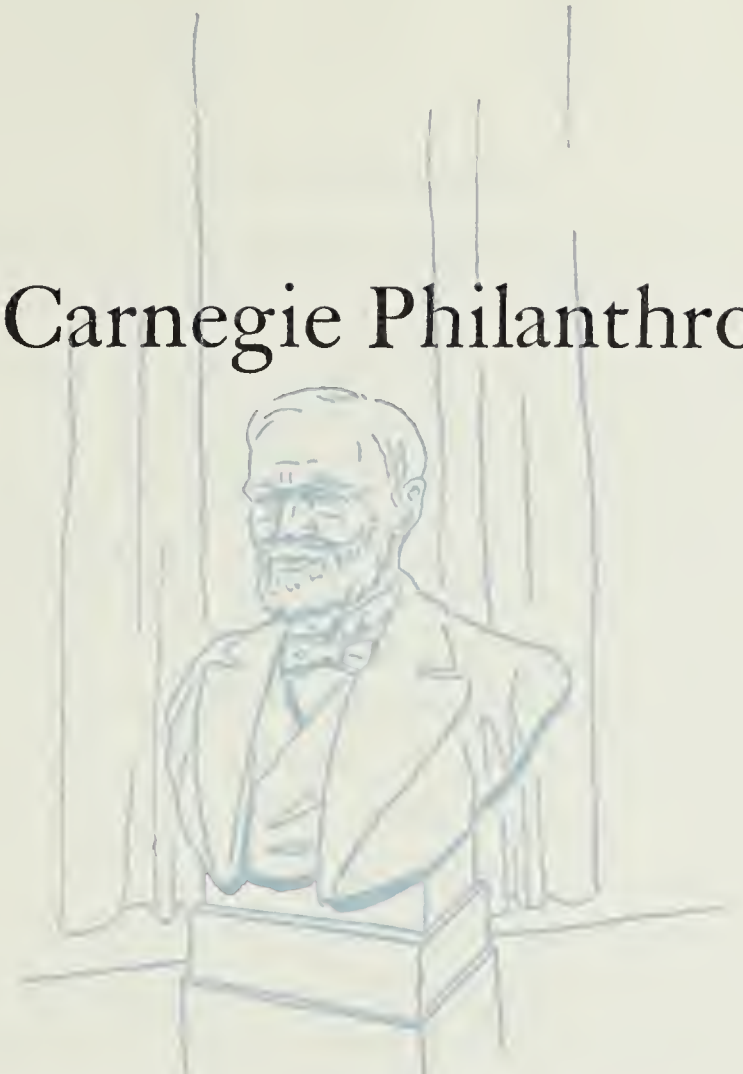
We have made an examination of the balance sheet of the Carnegie Corporation of New York as at September 30, 1954 and the related statements of income, expenses and appropriations for the year then ended and other supporting schedules included in the Treasurer's report. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances. These procedures included the confirmation of cash and securities by certificates from the depositaries and the custodian or by inspection during the course of our examination.

The attached financial statements have been prepared on the accrual basis except that dividend and interest income on securities and administration expenses, including expenditures for furniture and equipment, are reported on the cash basis of accounting. However, if the latter items were stated on the accrual basis of accounting, the effect on net income of the corporation would not be material.

In our opinion, the accompanying financial statements and schedules and notes thereto present fairly, on the basis indicated above which is consistent with that of the preceding year, the position of the Carnegie Corporation of New York at September 30, 1954, and its income, expenses and appropriations for the year then ended.

PRICE WATERHOUSE & CO.

The Carnegie Philanthropies



In 1889, Andrew Carnegie declared in the *North American Review* that a man of wealth was duty bound to consider his surplus wealth as trust funds; further, he had a responsibility to administer those funds so that they produced the most beneficial results for the community.

Mr. Carnegie worked energetically for almost thirty years at putting this gospel of wealth into practice. He set out to give away $300,000,000. He gave away $311,000,000.

Gifts to 2507 communities in this country and the British Empire helped to make his idea of the free public library as the people's university a reality. His endowment of the Carnegie Institute in Pittsburgh brought important educational and cultural benefits to the community in which he had made his fortune. From experience he knew the importance of science applied to commerce and industry and he provided for technical training through the Carnegie Institute of Technology. By establishing the Carnegie Institution of Washington he helped to stimulate the growth of knowledge through providing facilities for basic research in science.

He set up a trust for the universities of Scotland to assist needy students and to promote research in science, medicine and the hu-

manities. For the betterment of social conditions in his native town of Dunfermline, Scotland, he set up the Carnegie Dunfermline Trust. To improve the well-being of the people of Great Britain and Ireland, he established the Carnegie United Kingdom Trust.

In the United States, he created the Carnegie Foundation for the Advancement of Teaching, primarily as a pension fund for college teachers, to lessen some of the economic hazards of this profession. He regarded war as a blot on civilization. To work for its abolition, he established the Carnegie Endowment for International Peace. And to recognize heroism in the peaceful walks of life as being as worthy as valor in battle, he created funds in the United States and nine European countries to make awards for acts of heroism. In contributing to the construction of the Peace Palace at The Hague, the Pan American Union building in Washington, and the Central American Court of Justice in Costa Rica, he further expressed his belief in arbitration and conciliation as substitutes for war.

In 1911, having worked steadily at his task of giving away one of the world's great fortunes, he created Carnegie Corporation of New York, a separate foundation as large as all his other trusts combined, to carry on his spirit and system of giving. The terms of this trust are broad: to promote the advancement and diffusion of knowledge and understanding among the people of the United States and the areas then known as the British Dominions and Colonies. The Corporation was the culmination of his program of giving. He died in 1919, having made a memorable demonstration of responsible stewardship of wealth.

Each of the Carnegie agencies has its own funds and trustees. Each is independently managed, with the exception of the Carnegie Foundation for the Advancement of Teaching, which shares Carnegie Corporation's offices and has some of the same officers.

APPENDIX

Introductory Statement to Special Committee to Investigate Tax-Exempt Foundations

CHARLES DOLLARD
President, Carnegie Corporation of New York

Foundations in American Life

Philanthropy is an American habit, and the modern foundation is an American invention. Other countries have philanthropic foundations of various kinds but it is in America that they have reached their most impressive development. Abraham Flexner, one of the most distinguished figures in the history of organized philanthropy, once wrote:

". . . There is not a nation in Europe that does not envy us the public spirit which our wealthy men have shown in dedicating a large part of their wealth to public services, in the form of foundations . . ."*

The emergence of great foundations in America was no accident. Americans like to make money, and they enjoy spending the money they have made for the benefit of their fellows. It is quite true that in recent years the development of foundations has been facilitated by tax provisions; but it is a grave injustice to American philanthropists to say that they are moved chiefly by considerations of tax avoidance. Both the Rockefeller and Carnegie foundations were set up at a time when there were no federal income or estate taxes. Even today no one can doubt that the great bulk of American giving is in response to charitable impulses.

The function of the philanthropic foundations is to improve the tenor of human life in the area or areas in which they operate. They seek to make human beings healthier, happier, wiser, more conscious of the rich possibilities of human existence and more capable of realizing them. A foundation

* Extract from letter dated December 15, 1952, from Abraham Flexner to Harold M. Keele, Counsel for the Cox Committee, reprinted on page 763 of the Hearings Before the Cox Committee.

will, of course, fail of its purpose if it attempts to do everything at once—to be all things to all men. It must concentrate its grants in a limited number of fields, using its best judgment as to what expenditures will at any given time be of most value in forwarding its central purpose.

Free and untrammeled inquiry by free men is of the very essence of a free society, its growth and development. Government has its necessary function in support of free schools and colleges and universities; but the success of government, whether federal, state or municipal, in the field of education, broadly defined, will be in proportion to the degree in which it does *not* dominate. The privately endowed institutions of learning—schools, universities, colleges and foundations—help to set standards for education as a whole and engage in research, inventions and discoveries in fields that may not yet interest government.

Private enterprise in education contributes to the diversity which is the life of our American system. Many different people and organizations are encouraged to work independently in recognizing and tackling new problems and in developing new ideas and processes. Their efforts will not be uniformly successful. But the net effect of their efforts will be good because of the very freedom that permits the best to demonstrate its superiority over the second best. Selection by competition is the cornerstone of American free enterprise.

A wise nation will never surrender to government the exclusive right to be concerned about the health, the education, and the prosperity of the people. The very essence of the American system is that government shall do everything possible to encourage private enterprise in all phases of our national life—economic, social, and cultural. Our nation owes much of its vitality and momentum to the inbred reluctance of Americans to lean on their Government. Anything which might reduce this reluctance is in our opinion to be feared and avoided. Those who wish to have research, study, inquiry, and teaching put in the hands of government exclusively, or indirectly subject to government control, should look to Russia where this process has been perfected.

Carnegie Corporation of New York

Now let me speak briefly about the Carnegie Corporation of New York, and the other funds established by Andrew Carnegie.

Carnegie Corporation of New York is an educational foundation, chartered by the State of New York in 1911.

Appendix

During his lifetime, Andrew Carnegie made personal gifts for educational and cultural activities totaling approximately $107,000,000. In addition, he provided endowment for six American philanthropic funds. The first five trusts which he established were chartered for work in specific fields:

Carnegie Institute, of Pittsburgh, 1896
Carnegie Institution of Washington, 1902
Carnegie Hero Fund Commission, 1904
Carnegie Foundation for the Advancement of Teaching, 1905
Carnegie Endowment for International Peace, 1910

Each of these trusts has its own board, its own staff, and its own capital funds. The total endowment of these first five trusts was $53,100,000.

Then in 1911 he established Carnegie Corporation of New York with the broad purpose of carrying on philanthropic activities which would contribute to "the advancement and diffusion of knowledge and understanding." Carnegie Corporation of New York received from Andrew Carnegie by gift and will an endowment of $135,000,000. The assets of the Corporation as of September 30, 1953, were $178,861,599, the difference between the original endowment of $135,000,000 and the present book value of the Corporation's holdings representing primarily gains on the sales and redemption of securities. Securities are carried at cost; the present market value is higher.

In his letters of gift to the Corporation, Mr. Carnegie stipulated that only the income from the endowment should be available for expenditure by the Trustees; and that the original Trustees should elect their own successors. A complete list of current Trustees of the Carnegie Corporation is appended to this statement.[1]

It has been suggested that foundation trustees are figureheads and have no real knowledge of what the paid officers of the foundations are doing. This has no basis in fact with respect to the operations of Carnegie Corporation. The Trustees of the Corporation are active and responsible in both the making of Corporation policy and the actual expenditure of Corporation income. There is constant communication between officers and Trustees. Attendance at board and committee meetings is uniformly high.

Carnegie Corporation has always made a full public accounting in its Annual Reports and in other publications; and we have long advocated complete public reports by all foundations, showing detailed facts as to the amount and sources of income and the amounts and objects of expenditures. Such

[1] See page 4 of this Report.

exposure of foundation activities to public and governmental scrutiny is in our opinion the most effective and desirable means of insuring that foundation officers and trustees live up to their fiduciary obligations.

As soon as practicable after the close of the fiscal year and after an audit of the accounts by independent auditors, the officers of Carnegie Corporation present to the Trustees a report of the year's operations that covers both its financial and its philanthropic acts. This report is printed and distributed to all those who have any interest in the Corporation's work. In addition, the Corporation now issues a Quarterly Report describing projects under way and announcing new grants. The mailing list for both reports is approximately nine thousand institutions and individuals.

It was Mr. Carnegie's wish that the income from the major part of the Corporation's endowment should be used for the advancement and diffusion of knowledge and understanding among the people of the United States; included in the total endowment, however, is a special fund of $12,000,000, the income from which may be used for similar purposes in the British Dominions and Colonies.

In the forty-two years of its existence, the Board of Trustees of the Corporation has voted grants totaling approximately $253,200,000, all representing income from the endowment. About five per cent of the income has been spent for administration. The remainder has gone entirely to institutions, agencies, and individuals concerned with the increase or diffusion of knowledge.

Colleges, universities, and schools in the United States have received in direct grants about $68,300,000 or 27 per cent. Professional and scholarly agencies have been granted approximately $69,300,000, another 27 per cent. A very substantial part of this latter amount found its way indirectly to colleges and universities. Some $14,000,000 was expended in the first six years of the Corporation's life for construction of free public libraries and purchase of church organs in continuation of programs begun by Mr. Carnegie before the founding of the Corporation.

The remainder of the total of $253,200,000, or approximately $100,800,000 has been granted to four of the other trusts previously mentioned, established by Mr. Carnegie, to help them carry out their chartered purposes. Here, again, a very substantial part of this money eventually found its way to colleges and universities.

More than half of this $100,800,000 has gone to the Carnegie Foundation for the Advancement of Teaching (established by Mr. Carnegie primarily to provide retiring pensions for college teachers), and to the Teachers Insurance

and Annuity Association (established by the Foundation and the Corporation in 1918 to expand the pension idea on a sound actuarial basis).

From the beginning the Carnegie Corporation has operated as a grant-making organization rather than as an operating agency. The entire staff, professional and clerical, now numbers thirty-three and has never exceeded this figure. The Trustees have always sought to achieve Mr. Carnegie's purposes through other agencies—especially colleges and universities. The Corporation has made grants to 734 colleges, universities, and schools in all forty-eight States, the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. It has also made grants to many private research and educational agencies. The names of these colleges, universities, schools and private agencies will be found in the reports issued each year by the officers.

The Trustees and officers of Carnegie Corporation are proud of the record of accomplishment of the Corporation over the years since its founding. No doubt they have made mistakes and will make others in the future. No doubt their predecessors also made mistakes. Only death frees man from the possibility of error. But the records stands for all to see and it cannot be altered by those who seek to rewrite history and distort reality.

The question has been raised in these hearings as to whether foundations have supported "pro-American" projects and, through a shocking combination of innuendo and implication, the impression has been left that perhaps they have failed in this respect.

As far as the Carnegie Corporation is concerned, there can be only one answer to such a question. The Corporation regards its entire program as "pro-American." That is why the Corporation is in business. It is the whole purpose of the Corporation Trustees and officers to work in behalf of their country, to strengthen it, and to ensure its future. America is proud of its educational system. Literally millions of Americans have profited from this system. To strengthen education in America, to encourage the healthy growth of colleges and universities, and to promote that experimentation and innovation which is characteristically American are in the profoundest sense pro-American objectives. It is to just these objectives that the Corporation is dedicated.

J. L. Morrill, President of the University of Minnesota, puts the matter this way:

"If the best defense against democracy's enemies is to make America a better place in which to live and to place human welfare first, American foundations have rendered service far beyond the actual sums they have contributed to higher educational institutions. Thus, indirectly, the foundations can be credited with a signifi-

cant role in the never-ending battle against democracy's enemies. And at this point I should like to add one fact of vital importance: In all our dealings with foundations and with their representatives, we have never found evidence of any motivation other than a sincere and patriotic desire to further scholarship in the best American tradition."

The Corporation admits readily that it must choose between applicants for its funds. It also admits that those who do not receive them must feel that those who do are favorites. The Corporation certainly favors those who come to it with the best and most imaginative ideas. It favors those who have demonstrated a capacity for productive scholarship. It favors those who are recognized by their peers as being first-rate. It favors institutions honestly dedicated to the best in education and research.

It does not follow that those who do not receive Corporation funds do *not* meet the tests indicated above. The Corporation's funds are limited and it can support only a fraction of the worthy individuals and institutions who apply. But a foundation which in the first forty years of its history has made grants to more than 700 colleges and universities can hardly be accused of "favoritism" in any invidious sense of that word.

Gilbert White, President of Haverford College, has offered some relevant comments on the smaller college:

"It has been my own observation here at Haverford, and at other small colleges with which I am familiar, that many of the larger Foundations have been more than open to opportunities to support the small institutions. Relatively speaking, I think that on the whole the small colleges have received better treatment, taking into account the number of requests made, than have many of the larger institutions."

Now let me speak in more detail about Carnegie pensions and annuities for teachers. During the last sixty years, Andrew Carnegie and the Carnegie Corporation and the Carnegie Foundation for the Advancement of Teaching have together given over eighty million dollars for such pensions or annuities for teachers in 375 colleges and universities in 42 States and in Canada.

Andrew Carnegie, speaking of the Carnegie Foundation for the Advancement of Teaching, said:

"This fund is very near and dear to me—knowing as I do, many who are soon to become beneficiaries, and convinced as I am of their worth and the value of the service already rendered by them. Of all professions, that of teaching is probably the most unfairly, yes, most meanly paid, though it should rank with the highest. Educated men, devoting their lives to teaching the young, receive mere pittances. When

I first took my seat as a trustee of Cornell University, I was shocked to find how small were the salaries of the professors, as a rule ranking below the salaries of some of our clerks. To save for old age with these men is impossible. Hence the universities without pension funds are compelled to retain men who are no longer able, should no longer be required, to perform their duties. Of the usefulness of the fund no doubt can be entertained."

The Carnegie pension program played a very significant role in developing private pension systems generally, and was the dramatic first step in the more or less universal establishment of pensions for teachers. A substantial part of the Corporation's current income still goes and for many years will go to pay those free pensions.

The great increase in the teaching population after the first World War, combined with a steady increase in professors' salaries, made it impossible for the Foundation, even with the assistance of the Corporation, to provide free pensions for all college and university teachers. Accordingly, the Corporation helped to establish the Teachers Insurance and Annuity Association in 1918, through which colleges and professors might cooperate in building a system of annuities based upon regular joint payments by the professor and his college. Through this company 75,000 teachers (men and women) have accumulated assets of $335,000,000 toward their future retirement.

Men who genuinely wish American higher education to retain its vigor cannot help but applaud the philanthropic impulse which led Mr. Carnegie to diminish the extreme financial hazards of a teaching career. To the extent that these hazards drive good men and women out of the teaching profession, American education suffers. The economic circumstances of our teachers still are not enviable, but the hazards of the profession have in the past fifty years been notably diminished by the Carnegie pension program.

Millions of Americans have at one time or another made use of a Carnegie library. Andrew Carnegie and the Carnegie Corporation have devoted more than fifty-six million dollars to establishing free public libraries. More than 2,500 library buildings were built by Carnegie money.

By 1917 it was clear that the idea of the free public library had been fully accepted. The Trustees then turned their attention from erecting buildings to improving the service which libraries can offer. More than fiteen million dollars was granted during the next thirty years for improvement of college libraries, for refinement of library techniques and services, for support and endowment of the American Library Association, and for endowment or support of library training schools in universities such as Chicago, Columbia, Denver, Emory, North Carolina, and Western Reserve.

American libraries today are recognized throughout the world as outstanding. Americans take their free public libraries for granted and rarely recall today that these institutions stem from one of the most imaginative philanthropic conceptions in the history of human giving.

Other and more recent contributions of Carnegie Corporation to the field of education cannot yet be seen in full historic perspective but they merit comment. The Corporation has played a significant role in raising the level of higher education in the South. It has done its part to preserve and reinvigorate the best elements in our tradition of undergraduate liberal arts education. It has had, along with other foundations, a rather marked effect in strengthening certain fields of postgraduate and professional education. It has supported plans designed to attract better qualified individuals into academic life.

Although chief emphasis is upon higher education, the Corporation has made two substantial grants in the field of pre-college education—to the National Citizens Commission for the Public Schools, and to Teachers College, Columbia University, for a program in citizenship education. Prior to the war, the Corporation also made substantial grants in the field of adult education.

But perhaps the most important thing that can be said about Carnegie Corporation in the field of education is that it has served over the years as a source of encouragement and support to gifted leaders, vigorous pioneers and promising young people in American higher education. The effects of this cannot be measured, but it is not unreasonable to suggest that it has been a significant ingredient in our national life. America has grown great through the encouragement of talent and through the rewarding of creative leadership. In the field of education, Carnegie Corporation has contributed importantly to both processes since 1911.

These examples may serve to illustrate some of the activities of the Carnegie Corporation over the years. One could name many others. The high standards of our medical schools can be traced in the first instance to the effects of Abraham Flexner's report on *Medical Education in the United States and Canada*, financed by the Carnegie Foundation for the Advancement of Teaching and published by it in 1910. Thousands of scholarships and fellowships have been made available by foundations. Thousands of smaller but vitally important private organizations concerned with such diverse matters as the improvement of the civil service, adult education, music and the fine arts, religion and philosophy, have received substantial support. This listing could be enlarged to include all that is best in our society and way of life.

Appendix

In the course of these hearings, it has been said or implied that the foundations have departed from the high purposes assigned them by their founders; that the donors and creators of the great foundations would be horrified if they knew that their funds were being used for activities in "controversial fields" such as the social sciences.

Those who think so will find no comfort or substantiation in the first letter of gift, dated November 10, 1911, which Mr. Carnegie addressed to the trustees of his newly founded corporation. The third paragraph of this letter is worth quoting in full:

". . . Conditions upon the earth inevitably change; hence no wise man will bind Trustees forever to certain paths, causes or institutions. I disclaim any intention of doing so. On the contrary, I give my Trustees full authority to change policy or causes hitherto aided, from time to time, when this, in their opinion, has become necessary or desirable. They shall best conform to my wishes by using their own judgment. . . ."

Mr. Carnegie's own language makes it crystal clear that he had no thought of specifying the fields in which increase of knowledge would most profit his fellow men in years to come. As a student of history whose life spanned a period of great social, economic and technological change, he knew that even the wisest man could not predict what knowledge will be most valued, what problems most important, what fields of research most fruitful, one, ten or fifty years hence.

Educational and philanthropic foundations and comparable organizations have served as a relatively modest (in size) but very important complement to public funds in the financing of education, particularly higher education. The total dollar contribution of educational and philanthropic foundations and comparable organizations to private higher education in this country is small compared with the public funds which have been poured into the field. Yet the private contribution is substantial, and without it the pattern of higher education in this country would have lost an element which has given richness and diversity to the whole system.

Those who believe that the United States must preserve a healthy balance between governmental and private control of our national life will be quick to see the usefulness of this contribution of private philanthropy. There are more than 1,200 privately supported colleges and universities in this country. These institutions have been vigorous and effective forces in preserving the highest standards and best traditions of our educational heritage. They would be very much less vigorous were it not for the wholehearted support of educational and philanthropic foundations.

Foundation Relations With Recipients of Grants

The freedom of the scholar and teacher differs in no way from the freedom of every American. "Freedom of inquiry" is nothing other than the freedom of thought that every American enjoys as a birthright. The cab driver is free to question the wisdom of City Hall, and the farmer is free to reach his own conclusions on the Indochina war. These are cherished American rights.

The right of the scholar to study any subject that interests him and to arrive at any conclusions that seem sound to him is inseparable from those larger rights. In the Soviet Union scholars do not have these rights. They are told what conclusions they *must* come to. By the same token, in the Soviet Union, the man in the street does not have the right to think freely. Freedom of thought is indivisible.

What are the obligations and limitations of a private foundation in the light of these principles? The Carnegie Corporation deals principally with men who are scholars or teachers or both. It must expend its money pursuant to the high purposes of its charter ("the advancement and diffusion of knowledge"), but it must do so without seeking to control the individual scholar or teacher. It must proceed with a scrupulous regard for the American tradition of free inquiry. The Carnegie Corporation, like other leading foundations, takes great pride in the tradition of restraint and mutual respect which characterizes its dealings with those who receive its grants.

The obligations and limitations of a foundation with respect to recipients of its grants may be clearly outlined. If a research grant is involved, the foundation must satisfy itself that the individual or organization under consideration will conform to the highest standards of scholarship and objectivity in arriving at conclusions. In making such judgments it is inevitable that any foundation will occasionally be fooled; but the record of a properly run foundation should show an overwhelming proportion of recipients who do in fact meet these standards.

If a teaching program is involved, the foundation must satisfy itself that the objectives of the program are within the scope of its charter and that the individual or organization involved will conduct the educational program according to the highest traditions of fairness, honesty and academic excellence. Again, any foundation will inevitably commit some errors in making such judgments, but a properly run foundation should be able to point to an overwhelming proportion of recipients who meet these standards.

Having made the grant, the foundation should in no circumstances tell the recipient what conclusions to reach in his research, how or what to teach

his students, or what to say in the book that he is writing. Any such practice would be intolerable to scholars and teachers, and at odds with the American tradition of free inquiry.

If a scholar or author working under a foundation grant has convicted himself of falsification or other forms of grave scholarly mispractice, then of course the foundation should take whatever steps are possible to prevent further misuse of its funds by that individual. But beyond such instances of clear scholarly delinquency, the foundation should not interfere with the recipients of its grants. It should not reserve the right to edit the book which is published with foundation support. It should not tell the teacher how to teach. It should not exercise "thought control" over the recipients of its grants.

It is extremely important for the American tradition of free inquiry that this principle of non-interference be maintained. At the same time it must be recognized that such noninterference involves consequences for the foundation. It means that the foundation cannot endorse all of the things done and said under its grants. It means that things occasionally will be done and said under foundation grants which are repugnant to the foundation itself. But, always and everywhere, this is the price one pays for freedom. Freedom is, in one sense, the right to be wrong. If you leave a scholar (or a cab driver) free to find the right answer, you have also left him free to find the wrong answer. The history of our nation provides abundant evidence that free men will find right answers more often than wrong answers, and the history of tyranny shows that men who are not free find very few answers of any kind. Nobody yet has discovered a better way of ensuring the victory of truth over error than free speech.

Just as the foundations must be extremely scrupulous, so also must be the Government in not telling the scholar what to think. All of our private colleges and universities, our religious institutions, our teaching hospitals, our private preparatory schools, as well as our private foundations, enjoy tax exemption. We must be exceedingly careful not to formulate the doctrine that this tax exemption permits either the executive or the legislative branch of the Government to control the thinking of these institutions. Although medical schools and teaching hospitals are tax exempt, surely no one would think it his right to tell the cancer specialist how he should go about curing cancer. Although religious schools are tax-exempt, surely no one would consider that he had the right to judge the validity of the religious doctrines taught. Although universities are tax-exempt, surely no one would argue that federal control of the faculty and student thinking would be a healthy

step forward. In short, the doctrine that tax exemption justifies a political judgment as to the soundness of ideas can be a very dangerous two-edged weapon. Indeed it can be the most devastating weapon ever invented for invading the private life of this nation.

Since the first list of subversive organizations was published by the Attorney General, the Carnegie Corporation has never made any grants, gifts, loans, contributions or expenditures either directly or indirectly to any organization so listed, or to any individual or organization that was known or believed to advocate the overthrow of the constitutional Government of the United States by force or violence or other unlawful means.

It has always been the policy of the Carnegie Corporation to examine carefully the individuals and organizations who apply for our grants. This examination includes consideration of scholarly objectivity, public reputation and standing as well as the loyalty and honesty of those who will direct the project. In recent years and particularly since the last war the problem of subversive activity has naturally received increased attention.

There are many ways and means by which we examine the individuals and organizations who apply for our funds. In assessing their reputation in their scholarly and professional fields we seek the judgment of their peers. We read their books and articles within the limits of time available. We are familiar with the reputation of the institutions with which the scholars are associated. Since most applications come to us from institutions rather than from individuals, the reputation of the institution is a significant factor in our judgments.

Before entering a new field of interest we make it our business to know most of the capable people who are working in the field. We see personally the applicants for funds and we visit the institutions with which they are connected.

Such investigation of applicants has been a continuous process since the founding of the Corporation. These efforts are not sporadic but are a part of established policy.

Is There an "Interlock"?

The Committee staff has asserted that the foundations form a tightly knit group—an "interlock"—and as a group play a key role in a tightly knit system that also includes operating agencies such as the Social Science Research Council, schools and colleges, and the executive arm of the Federal Government. One of the Committee staff's own witnesses, Dr. Thomas

Briggs, had to admit that he did not know what the staff was talking about in making this assertion, and we share that handicap.

The foundations, the educational system and the governmental agencies do not form a tightly knit group. Any responsible educational leader will confirm that fact. Just as each foundation pursues its independent course in traditional American fashion, so the colleges of the country pursue their independent courses. The public schools are under state and local control and only individuals abysmally lacking in first-hand experience of these institutions could picture them as part of a nationally integrated whole. Indeed the suggestion that the foundations have produced a national system of education is the sort of fantasy which could only be indulged in by individuals wholly unacquainted with the highroads and byroads of American education.

As for the collaboration between foundations, it is interesting to note that the staff of the Cox Committee considered that the foundations cooperated all too rarely. The question was even raised at that time as to whether the foundations should not find some means of more effective collaboration.

Mention has been made of the fact that the foundations give their money through so-called operating agencies, such as the Social Science Research Council and the American Council of Learned Societies. Why shouldn't they? But some have exaggerated the extent of this practice. The bulk of the money granted by the Corporation for education and research has gone directly to the colleges and universities. Furthermore, almost all the funds granted to operating agencies eventually find their way back to the colleges and universities.

It is the essence of responsible philanthropy to seek guidance from those who are in a position to offer wise judgments. For this reason a foundation operating in the field of scholarship or teaching will habitually consult scholars and teachers. It will do this on a very broad scale. In addition to the many, many interviews which foundation officers have with scholars and teachers, the foundations find it profitable to keep in close touch with the organizations which scholars have formed to advance their common scholarly interests.

The so-called "operating agencies" are for the most part just such scholarly and teaching organizations—run by scholars and teachers to serve their own needs and turned to by the foundations as sources of the best professional guidance. An organization such as the Social Science Research Council is the crossroads and the forum for some of the ablest scholars in the country. The Council has a great many committees, each of which numbers among its members leading scholars from universities covering the length and breadth

of America. The Social Science Research Council is one of the many scholarly organizations through which leading American academic figures achieve their common objectives. No foundation which hoped to maintain contact with American scholarship would want to ignore these organizations.

The Corporation's policy of not handling fellowship programs itself but of financing them through scholarly agencies is an old one, and we believe a wholly sound one. The disbursement of fellowship funds should only be made on the judgment of competent scholars in the field or fields in which the awards are applicable. The scholarly councils and learned societies represent the simplest and most efficient means of ensuring that fellowship awards will be made only by men who are most competent to make them.

The Social Sciences

The Corporation has given a good deal of money, particularly in recent years, for research and teaching in the social sciences. An attempt has been made in the course of these hearings to attach a sinister significance to the social sciences. This is a grave injustice to the forty thousand or more Americans who earn their living by teaching or doing research in these fields.

"Social sciences" is a term which has come into common usage as a label for a certain sector of the world of knowledge. It is usually applied to history, political science, economics, sociology, anthropology, social psychology, and geography. It is sometimes taken to include law.

Much that goes under the label "social science" is not science in the strictest sense of that word. Indeed, much that goes on in these fields is a purely humanistic type of scholarship. There is some research in the social sciences which is more quantitative and precise. Whether the term *science* is justified for this latter research depends entirely upon how one wishes to define science.

What are these supposedly dangerous social sciences concerned with? What kinds of questions do they interest themselves in? Briefly stated, they are interested in all of the problems that men have always been interested in with respect to their own lives, the society they live in, their past, their means of livelihood, and the troubles that afflict them.

It has been said that the social sciences are new fields. This is not true. History has been the concern of distinguished scholars as far back as Herodotus, who considerably antedates the modern foundations.

What do social scientists do? The historian seeks to discover what the past can tell us about the human enterprise and about our own American background. The political scientist seeks to examine the problems involved in the governing of men. The psychologist may concern himself with why

some children find it difficult to read or to learn. The sociologist may concern himself with why we have juvenile delinquency. The economist is interested in how our economy works, and why—on occasion—it doesn't work. The student of international relations is interested in the causes of war.

Are these silly questions? They are not. They are problems which concern all Americans, now more than ever before.

There have always been individuals who were opposed to the free examination of such questions. There always have been individuals who believed that man and society are much too dangerous as subjects for study. There always have been those who favor thought control. But the American tradition of free inquiry is uncompromising. Americans are free men, and they will continue to ask these questions about their own lives. Having asked them, they will feel themselves free to seek answers. They will not allow themselves to be fettered by fearful and small-minded men.

On this subject Laird Bell, former Chairman of the Board of Trustees of the University of Chicago, has said:

"To forbid or hamper foundations studying and reporting matters in the fields of economics, education, international relations, government, and public administration, is to deny or restrict the public access to the facts upon which judgment in a democracy should be based. Unless we want public decisions in these fields made in ignorance, agencies should have the same freedom as individuals to ascertain facts and express opinions. The agencies have better resources for this purpose than individuals, and the very multiplicity of such agencies is a better defense against erroneous opinions than suppression or intimidation of the agencies.

"Take education for example. No one knows to what conclusions research in economics and sociology may lead. Any deviation from accepted orthodox views is bound to be objectionable to someone, and there is always, but particularly right now, the probability that someone will consider that a view differing from the conventional is subversive. The same is true in the whole field of international relations, education, and government administration.

"The term 'subversive' means different things to different people. I submit that there is a serious danger that the study of controversial questions, a study that in our complex civilization is increasingly important, may be discouraged by fear that some authorized or voluntary agency may choose to apply this dread word to activities which are entirely legitimate and in the public interest."

There has been an attempt made in the course of these hearings to attach a sinister significance to the word "empiricism." The attempt is wholly unjustified. To approach a problem empirically means to seek to discover what the facts are. This is a distinctively American tradition.

The city which makes a traffic count at an intersection to determine whether a stop-light is needed is conducting an empirical investigation. The soap manufacturer who sends out research teams to discover how customers react to his product is conducting empirical research. The housewife who goes to the basement to discover how many Mason jars she has before preparing a batch of preserves is conducting an empirical study. Literally millions and millions of dollars are invested by industry every year in empirical research. It is simply research which seeks to determine the facts objectively.

No foundation that I know of has ever said that empirical research can take the place of religion, morality, or any of the ethical principles that guide our lives. Research that seeks to get at the facts is a useful means of learning something. Americans like to get at the facts. They like to learn. They believe that knowledge will help them to build better lives for themselves, better communities for their children, and a better nation. They do not have any illusions that facts alone will suffice, but they do not have any doubts that facts will help.

Much has been made in these hearings of the allegation that the social sciences are not "scientific" in the same sense as are the natural sciences. The latter have been referred to by the Committee staff as "exact" sciences. These allegations have been highly misleading. Since no natural scientists have been called to testify on this point, I think it relevant to quote part of a letter I received recently from Dr. Vannevar Bush, President of the Carnegie Institution of Washington:*

"I find it very interesting to try to state the essential differences between the natural sciences and the social sciences, for there seems to be a good deal of confusion on the matter. The real difference lies in the fact that the social sciences bring in the human element, and this renders their problems inherently difficult.

"But often the distinction is made on the basis that the social sciences are observational in nature, whereas the natural sciences are experimental. In other words it is asserted that in the social sciences one cannot exercise control and hence cannot separate variables, whereas these are essential features of the natural sciences. This, it seems to me, is entirely an incorrect approach. In astronomy and also in geology we have observational sciences completely within the framework of the natural sciences. One does not manipulate the stars, neither does he separate out one factor in their complex performance, he merely takes what he gets, measures it as well as he can, and proceeds to construct his theories. Exactly the same thing is true if one is observing, for example, the impact of migration upon a primitive people.

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* At this point in the original document there was reference to an appended copy of Dr. Bush's entire letter, which is omitted here.

Appendix

"It is also sometimes stated that one can measure precisely in the natural sciences and cannot do so in the social sciences. This is again an incorrect criterion. Some of the data of the social sciences is precise, for example much of the material in the census. On the other hand there still remains a vast area of the natural sciences where measurement is crude and sometimes almost absent. . . ."

It has been said that "social science research in this country is financed virtually entirely by the foundations and the U. S. Government. There is very little privately financed social science research." This is a misstatement. Many millions of dollars are spent each year by manufacturers, by merchandising concerns, by banks, by public utilities and others in social science research. Market research is moderately big business. Banks spend many millions yearly in economic research. Insurance companies spend millions yearly in actuarial research and other kinds of statistical studies. Many great industries conduct extensive studies of employee attitudes, of industrial relations, of personnel problems, of customer relations, and so forth.

In no other country in the world have the social sciences developed as rapidly as they have in the United States. Americans are curious about their own society. The typical American reaction to curiosity is to seek the facts. These are the ingredients that make social science. As long as Americans retain their curiosity and their respect for facts, the social sciences will flourish in this country. Any attempt to stifle this curiosity or fetter the search for the facts is bound to do great harm and, in the end, to be defeated.

Because of the similarity in words, uninformed individuals occasionally confuse the social sciences and socialism. The two are not related, even distantly. There are social scientists who hold every variety of political view. They do not differ in this respect from other groups. Presumably some are socialists. No doubt there are those who favor other minority political and economic beliefs. But the overwhelming majority of them are middle-of-the-road Americans, with a middle-of-the-road view of politics and economics.

It is in the field of economics that the question of socialism is most frequently raised. The activities of the Carnegie Corporation in the field of economics have been relatively limited. Such grants as it has made in this field have gone chiefly to the Brookings Institution of Washington and the National Bureau of Economic Research in New York City.

A former Vice President of the Brookings Institution, Dr. Edwin Nourse, was Chairman of the President's Council of Economic Advisors in the last administration. The Research Director of the National Bureau of Economic Research, Dr. Arthur F. Burns, is Chairman of the same group in the present

administration. The public reports of both Brookings and the National Bureau have been generally accepted by economists in universities, in industry and in the government as wholly objective and untainted by any special pleading, socialistic or otherwise.

As a matter of objective fact, socialism has lost ground steadily in the United States during the first half of this century. Socialists, like all extremists, are essentially doctrinaire. The record might have been a vastly different one if Carnegie Corporation and other foundations had not helped American economists to make the objective studies that have exposed all doctrinaire positions in their true light, and thus reduced their allure for the public generally.

Another field of foundation activity that has been criticized is the field of international affairs. The implication has been left that it is somehow reprehensible for a foundation to foster an active interest in international affairs. The position of the Carnegie Corporation with respect to this matter is easily stated.

Americans have experienced two devastating World Wars in forty years. Their sons have been killed in Europe, in Africa, in Asia, and in the Pacific. They have suffered through the Korean War and face the threat of war in Indochina. Atomic war—with the total destruction of civilization—looms as an imminent possibility.

In the circumstances, all sensible Americans are interested in international affairs. All sensible Americans hope that wars can be avoided. All sensible Americans hope that law and order among nations will some day replace anarchy among nations. All sensible Americans hope that understanding among nations will some day replace hatred and bitterness among nations.

Andrew Carnegie believed fervently that the curse of war could be lifted from mankind. Some will argue that his belief was unrealistic; none can argue that it was un-American. Andrew Carnegie believed devoutly that all Americans should work for increased understanding among nations. It was not a dishonorable belief.

The Carnegie Corporation has an unqualified loyalty to the principles that have made our nation great. The Corporation is concerned that those principles—and the nation which embodies them—shall survive in a dangerous world. Such a concern leads inevitably to an interest in international affairs.

Therefore, the Carnegie Corporation has given money to enable Americans to gain a more adequate knowledge of the world at large. It has given money to enable Americans to study the problems of war and peace. It has given money to develop experts on international affairs.

The Corporation does these things because it considers them essential to insure America's future as a nation. The gravest threats to America's future are on the international scene. One cannot be sincerely concerned about America's future and unconcerned about the international scene.

A question has been raised as to propaganda and the influencing of public attitudes. The question must be divided. Carnegie Corporation does not engage in propaganda. But it is not only the right but the duty of educational and philanthropic foundations to assist projects which through the discovery of new facts or through the full presentation of old facts may lead people to better knowledge and understanding. Research, whether in the natural sciences, the social sciences, medicine, or public education, may well provide new information or new insights that will in some measure affect public attitudes.

In this sense of influencing opinion through knowledge and understanding, the work of an educational foundation unquestionably affects public attitudes. The effort to learn would be futile indeed if there were no effort to teach.

The Carnegie Corporation is only one of a great and varied group of public and private organizations concerned with teaching and research in this country—a group that includes schools, colleges, universities, scholarly societies, research laboratories, religious training institutions, foundations and medical centers. These organizations, individually and collectively, have contributed enormously to the American tradition of inventiveness, innovation, freedom to learn and freedom to teach. Each of them, from the largest foundation to the smallest college in the land, bears a grave responsibility to keep this tradition alive. It is that tradition that has been called into question in the present hearings.

I am a graduate of the University of Wisconsin, and I should like to close this statement with an extract from the official record of the Board of Regents of that University. This extract is taken from the report of a Special Committee of the Regents called into being by another and earlier threat to the freedom of inquiry. I quote:

"We cannot for a moment believe that knowledge has reached its final goal, or that the present condition of society is perfect. We must therefore welcome from our teachers such discussions as shall suggest the means and prepare the way by which knowledge may be extended, present evils . . . removed and others prevented.

"We feel that we would be unworthy of the position we hold if we did not believe in progress in all departments of knowledge. In all lines of academic investigation it is of the utmost importance that the investigator should be absolutely free to follow the indications of truth wherever they may lead."

The concluding sentence of this report is engraved on a bronze plaque which is set into the portico of Bascom Hall, the main classroom building of the University. Often as I went to and from my classes thirty years ago, I stopped to read it because it seemed to me to embody the essence of the spirit of free inquiry. This is the sentence:

"Whatever may be the limitations which trammel inquiry elsewhere we believe the great state University of Wisconsin should ever encourage that continual and fearless sifting and winnowing by which alone the truth can be found."

These words were not written by scholars. They were written by brave and honest citizens—businessmen, lawyers, farmers—drawn from the length and breadth of Wisconsin. They were written in September, 1894. Now, sixty years later, I can find no other words which so well summarize my own convictions and the convictions of my colleagues in the staff and board of Carnegie Corporation of New York.

Answers to Specific Charges

A Memorandum Submitted for the Record by Charles Dollard, President, Carnegie Corporation of New York to the Special Committee to Investigate Tax-Exempt Foundations

I have sought in oral testimony[1] before this Committee to make clear how completely unfounded are the broad charges which have been levelled against the Carnegie Corporation. It remains to answer in detail certain specific charges which have been brought against various projects with which the Corporation has been associated.

The evidence which has been placed before the Committee to date on these matters has been characterized by errors of fact and errors of interpretation. I am genuinely reluctant to engage in public disputation on these matters. But the record must be set straight, and I am sure that the Committee will welcome such corrections as I am in a position to offer.

I shall discuss five separate matters, in the order in which they appear in the record:

I. *An American Dilemma: The Negro Problem and Modern Democracy* by Gunnar Myrdal, et al.

II. *Education for International Understanding in American Schools.* Prepared and published by the National Education Association.

III. *The Proper Study of Mankind* by Stuart Chase.

IV. *The American Soldier* by Samuel Stouffer, et al.

V. *Report of the Commission on Social Studies.* American Historical Association.

I. *An American Dilemma* by Gunnar Myrdal, et al.

An American Dilemma has been referred to in the course of the hearings by two witnesses, Messrs. Dodd and Colegrove. Originally published in two volumes (1,500 pages) in 1944, it was the end product of a six-year study of the Negro problem, which study was financed by the Carnegie Corporation at a cost of about $300,000.

In the early days of these hearings, one of the witnesses "characterized" this fifteen-hundred-page work by reading a series of short excerpts taken from the introductory chapter of the work. Without raising the question as to the appropriateness of characterizing a scholarly work by lifting a few

[1] See pages 38 and 79 of this Report.

sentences out of context, and reading these sentences *seriatim* as if they followed one on another, one feels a duty to set the record straight.

Here is the first quotation which the witness offered:

"Indeed, the new republic began its career with a reaction. Charles Beard, in *An Economic Interpretation of the Constitution of the United States*, and a group of modern historians, throwing aside the much cherished national mythology which had blurred the difference in spirit between the Declaration of Independence and the Constitution, have shown that the latter was conceived in considerable suspicion against democracy and fear of 'the people.' It was dominated by property consciousness and designed as a defense against the democratic spirit let loose during the Revolution."

Here are the two sentences which follow immediately on the paragraph quoted above and which the witness did not quote:

"*But, admitting all this, the Constitution which actually emerged out of the compromises in the drafting convention provided for the most democratic state structure in existence anywhere in the world at that time. And many of the safeguards so skillfully thought out by the conservatives to protect 'the rich, the wellborn, and the capable' against majority rule melted when the new order began to function.*" (Italics ours.) Chapter I, page 7.

Other quotations read into this record earlier all leave the impression that Myrdal was consistently and bitterly critical of everything American. It is worth noting that the witness who read these quotations into the record overlooked passages which give a much truer indication of Dr. Myrdal's attitude toward this country. Consider, for example, the following passage (page 4, Chapter I):

"These ideals of the essential dignity of the individual human being, of the fundamental equality of all men, and of certain inalienable rights to freedom, justice, and a fair opportunity represent to the American people the essential meaning of the nation's early struggle for independence. In the clarity and intellectual boldness of the Enlightenment period these tenets were written into the Declaration of Independence, the Preamble of the Constitution, the Bill of Rights and into the constitutions of the several states. The ideals of the American creed have thus become the highest law of the land. The Supreme Court pays its reverence to these general principles when it declares what is constitutional and what is not. They have been elaborated upon by all national leaders, thinkers and statesmen. America has had, throughout its history, a continuous discussion of the principles and implications of democracy, a discussion which, in every epoch, measured by any standard, remained high, not only quantitatively but also qualitatively. The flow of learned treatises and

popular tracts on the subject has not ebbed, nor is it likely to do so. In all wars, including the present one, the American Creed has been the ideological foundation of national morale."

Another quotation which serves to illustrate Myrdal's profound respect for America and Americans will be found in the author's preface on page xlii. It reads as follows:

"At this point it must be observed that America, relative to all the other branches of Western civilization, is moralistic and 'moral-conscious.' The ordinary American is the opposite of a cynic. He is on the average more of a believer and a defender of the faith in humanity than the rest of the Occidentals. It is a relatively important matter to him to be true to his own ideals and to carry them out in actual life. We recognize the American, wherever we meet him, as a practical idealist. Compared with members of other nations of Western civilization, the ordinary American is a rationalistic being, and there are close relations between his moralism and his rationalism. * * * This moralism and rationalism are to many of us—among them the author of this book—the glory of the nation, its youthful strength, perhaps the salvation of mankind."

The truth of the matter is that any conscientious person who reads Myrdal's entire report cannot possibly fail to sense his deep affection for this country in which he received part of his education and which he has visited almost annually for the last twenty years.

Neither of the two previous witnesses who referred to Myrdal's work made any attempt to tell the Committee what the Myrdal book was about, or to evaluate it as a scholarly work. Hence, it may be worth noting in passing that few studies of American social problems in this century have been as widely applauded or warmly reviewed. *An American Dilemma* stands and will stand as one of the great social documents of the century, and Dr. Myrdal will continue to be admired here and abroad as an objective and completely honest scholar.

One of the earlier witnesses dismissed Dr. Myrdal as a "foreigner" and "socialist." That Dr. Myrdal is a foreigner cannot be denied since he was born in Sweden and is still a Swedish citizen. It is worth asking, however, whether the witness would similarly dismiss Lord Bryce and de Tocqueville, two other foreign-born scholars, who helped America to see its problems in new perspective and to understand and appreciate its own greatness.

It is less accurate to refer to Dr. Myrdal as a "socialist," without defining that opprobrious word. True indeed, he was and is a member of the Social Democratic Labor party in Sweden which has been the dominant party in

that country for many years. But it is common knowledge that the program inaugurated in Sweden by the Social Democrats is vastly different from what we in this country normally think of as socialism. While Sweden has gone beyond most states in the provision of social services to its people, facilities for production and distribution of goods are still almost entirely in private hands. Sweden's economy remains a private enterprise economy.

The question remains: why did Carnegie Corporation seek a foreign scholar to undertake this particular study and why did it finally select a Swedish scholar? The answer is contained in the following extract from the foreword to *An American Dilemma* which was written and signed by Frederick P. Keppel, then President of the Corporation:

"In 1931, the late Newton D. Baker joined the Corporation Board. He was the son of a Confederate officer, attended the Episcopal Academy in Virginia and the Law School of Washington and Lee University, and spent the greater part of his early years in the Border states of West Virginia and Maryland. His services first as City Solicitor and later as Mayor of Cleveland gave him direct experience with the growing Negro populations in Northern cities, and as Secretary of War he had faced the special problems which the presence of the Negro element in our population inevitably creates in time of national crisis.

"Mr. Baker knew so much more than the rest of us on the Board about these questions, and his mind had been so deeply concerned with them, that we readily agreed when he told us that more knowledge and better organized and interrelated knowledge were essential before the Corporation could intelligently distribute its own funds. We agreed with him further in believing that the gathering and digestion of the material might well have a usefulness far beyond our own needs.

"The direction of such a comprehensive study of the Negro in America, as the Board thereupon authorized, was a serious question. There was no lack of competent scholars in the United States who were deeply interested in the problem and had already devoted themselves to its study, but the whole question had been for nearly a hundred years so charged with emotion that it appeared wise to seek as the responsible head of the undertaking someone who could approach his task with a fresh mind, uninfluenced by traditional attitudes or by earlier conclusions, and it was therefore decided to 'import' a general director—somewhat as the late Charles P. Howland was called across the Atlantic to supervise the repatriation of the Greeks in Asia Minor after the close of the first World War. And since the emotional factor affects the Negroes no less than the whites, the search was limited to countries of high intellectual and scholarly standards but with no background or traditions of imperialism which might lessen the confidence of the Negroes in the United States as to the complete impartiality of the study and the validity of its findings. Under these limitations, the obvious places to look were Switzerland and the Scandinavian countries, and the search ended in the selection of Dr. Gunnar Myrdal, a scholar

who despite his youth had already achieved an international reputation as a social economist, a professor in the University of Stockholm, economic adviser to the Swedish Government, and a member of the Swedish Senate. Dr. Myrdal had a decade earlier spent a year in the United States as a Fellow of the Spelman Fund, and when the invitation was extended to him by the Corporation in 1937, was about to make a second visit at the invitation of Harvard University to deliver the Godkin Lectures. * * *" Pages vi, vii.

II. *Education for International Understanding in American Schools*—a Book Prepared and Issued by the National Education Association

At an earlier stage in these hearings, one of the witnesses read into the record a number of quotations from the book *Education for International Understanding in American Schools* issued by the National Education Association. Careful scrutiny of the book itself will reveal that the quotations selected do not provide a fair picture of the views of the authors. No passages were quoted to illustrate the constructive and realistic attitude of the authors toward nationalism. For example:

" 'International understanding' is a broad term and necessarily encompasses many things. It does not connote the absence of national loyalty nor an unrealistic approach to the world. Rather, it includes the process of making students informed and loyal citizens of their own country—aware of the nature of the world in which they live, the relationship of their nation to the world as a whole, the forces that motivate national action, the life and institutions of other nations, and a host of other things in order that they may bring their intelligence and judgment to bear upon the problems of living in an interdependent world." (Page 9)

"Americans generally agree that our country must be prepared for any emergency but the problem is to determine what is adequate preparedness. The problem is not simple, for our security rests upon the strengthening of the ideals of the American way of life as well as upon economic and military factors." (Page 19)

"The Brookings Institution, in a recent study, has outlined the problem thus:

'There are certain elements of national military power, however, that are required for the security of the United States, whether or not a system of worldwide collective security under the United Nations is effective. The essentially national elements relate to: the maintenance of an adequate military establishment; continuous research and development; the maintenance of a co-ordinated system of intelligence; plans for the organization of the government for possible war, for the mobilization of industry and manpower, and for civilian defense, civilian economy, and national discipline. The full effectiveness of all these elements requires a unity of purpose and a high degree of moral strength among the American people.' " (Page 19)

"As one scholar puts it:

'Patriotism, loyalty to one's nation, has in some places been criticized as an "absurd prejudice" or as "a vulgar vice," or as "a virtue—among barbarians." Such criticisms of

patriotism are about as valid as would be the charge that one is less loyal and effective as a citizen because he is loyal to his family, his community, and the multiplicity of social groups of which one may be a member. Nevertheless, such criticisms are sound if patriotism means that love of one's fellow men stops at national frontiers, if it means that it must be based on malice to all and charity toward none outside one's national group.' " (I. L. Kandel) (Page 46)

" 'Nationalism has been, and is, one of the most powerful forces in the development of the kind of world in which we must live. The idea of "one nation indivisible," which we repeat in our pledge of allegiance to the flag, is also held, in one form or another, by most of the people in the world. We look to our nation for protection; we give it our loyalty and faithful service.' " (Quoted from manual prepared by Cleveland Public Schools) (Page 178)

No passages were quoted which revealed the active concern of the authors for moral and spiritual values. For example:

"There is another threat that is as great as that to be feared from new engines of destruction—the loss of the moral and spiritual values that a resort to force seeks to defend." (Page 16)

"The peaceful resolution of differences, however, is only possible within the limits of what nations and individuals consider to be the essential values governing their conduct, values and principles that are not susceptible to change and which must be defended in the face of attempts to subvert them." (Page 22)

"Education as a force for world peace derives its validity from the fact that it is the process by which individuals and groups are made aware of the values and standards that men create to govern their conduct. The process of becoming aware of those standards and values involves the acquisition of knowledge and the development of a capacity to judge critically the mass of human experience in terms of these standards. It involves further the process of applying the standards and values to specific situations." (Page 35)

No passages were quoted which reveal the alertness of the authors to the dangers of Communism. For example:

"The Soviet system, which we call 'Communism,' is not the only form in which authoritarianism exists today, for there are absolute monarchies and dictatorships throughout the world. It has been entirely possible for democratic states to exist harmoniously in a world with nondemocratic states. However, if the ideology of any state requires attack upon the very existence of another state, such aggressiveness is a serious menace to the peace. It was this ideological aggressiveness—embodied in Naziism and Fascism—coupled with the unscrupulous use of state power, that helped bring on World War II. This same situation—revolutionary ideology implemented by vast national strength—is evident in certain aspects of the foreign policy of the Soviet Union today.

"The combination of an aggressive ideology with a powerful national state is made all the more dangerous because it is difficult or impossible to appeal directly to the people of that state. The denial of the concept of individual liberty, the strict

censorship of access to information not approved by the state, and limitations of freedom of thought and expression make it extremely difficult for the people in any authoritarian state to express effectively that desire for peace which is undoubtedly the common possession of all peoples everywhere." (Page 24)

In some instances, sentences were taken out of context in such a way as to affect the meaning of the total passage. For example, on page 45 there appears the passage quoted below. The two sentences underscored (underscoring not in original) were quoted to the Committee. The remainder of the passage was *not* quoted to the Committee.

"T. V. Smith has said that 'nationalism represents perhaps man's most massive achievement up to date.' This is true because the evolution of the nation-state system represents an advance of man in the organization of a political unit larger than the tribe, the city-state, or the province. It made possible the maintenance of law and order over a larger area than was formerly possible.

"Unfortunately man did not attain peace through the nation-state system on a world-wide basis. Militant leaders realizing the unifying spirit that could be aroused in their followers by an appeal to their new national loyalties utilized it for purely national ends. A spirit of narrow nationalism was stirred up in the people by impressing them with an idea of their own superiority. The self-interest of the race or nation was magnified.

"People were taught to look down upon other nationalities as inferior. War was regarded as an accepted means of extending the prestige of the nation. This development was an important factor in bringing about both the First and Second World Wars. So long as these narrow nationalistic ideas continue to be held by many people in all nations today, there is a threat to peace." (Page 45)

Note that the two underscored sentences taken alone give the impression of rather unqualified criticism of nationalism. Placed in context, it becomes apparent that the authors are critical of only those "narrow nationalistic ideas" which—in the hands of aggressor nations—brought on both the First and Second World Wars.

III. *The Proper Study of Mankind* by Stuart Chase

A witness has raised some questions about this book and its author. Stuart Chase is an extremely able writer who had in the past demonstrated a great capacity for translating technical material into terms which the ordinary layman could understand. The last assignment which Mr. Chase undertook prior to writing *The Proper Study of Mankind* was an assessment of the labor policies of the Standard Oil Company of New Jersey. This study was commissioned by the Standard Oil Company and the results were

printed in its monthly magazine (*The Lamp*) and offprinted for wide public distribution. A careful study of Mr. Chase's record would have also disclosed the fact that he has performed similar assignments for a variety of other well-known industrial concerns.

Mr. Chase was called a "cultural determinist." The influence of social factors in determining behavior was observed by the ancient Greeks, and the modern case for culture as an influence on human behavior was first made more than fifty years ago by William Graham Sumner, one of the greatest of American sociologists and economists, in a book entitled *Folkways*. Chase's estimate of the importance of the so-called "culture concept" would be concurred in by a majority of the anthropologists in America. This does not deny (nor does Chase) the importance of biological and other factors in human behavior.

It was said "that there is not a balanced presentation of ideas" in Chase's book. The opinion of ten qualified social scientists who read the book in manuscript was unanimously to the contrary, as was the opinion of almost every social scientist who reviewed the book in a professional journal.

It was stated that Chase's treatment of the field of economics is a "balanced presentation" because Chase knew this field but that his treatment of anthropology, sociology, psychology, etc., is unbalanced because Dollard and Young did not tell him what to say about these fields. Of course Dollard and Young did not censor Chase. What they did do was (a) help give Chase access to the most competent social scientists in the country, and (b) require him to submit his completed manuscript for criticism by competent social scientists representing all of the fields which the book covers.

That Mr. Chase made good use of the very trenchant criticisms which he thus received, prior to the publication of the book, is evidenced by the fact that competent authorities who reviewed *The Proper Study of Mankind* found no lack of balance in Mr. Chase's treatment of the various social sciences.

IV. *The American Soldier* by Samuel Stouffer, et al.

A witness made a general attack on the four-volume work entitled *The American Soldier*. His specific criticisms focused on Chapter 1, Volume I, which is an attempt by the authors to explain how the studies on which the volumes were based came to be made, and Chapter 2, Volume II. The studies made by the Information and Education Division* of the Army which re-

* At various times during World War II, this Division was officially designated as The Special Services Division and The Morale Branch. Its mission remained constant despite these semantic changes.

sulted in the adoption of the so-called "point system" for demobilization were singled out for particular attention.

Since the testimony on this matter is confused almost beyond belief, the following categorical statements are in order:

The studies which led to the establishment of the point system were made at the request of a Special Planning Division created in the War Department by General Marshall in 1943 or early 1944. This staff was assigned the responsibility for making forward plans for all phases of demobilization and related matters.

The chief contribution of the Information and Education Division was to define the factors which soldiers thought should be taken into account in a demobilization plan and to list the order in which the troops thought these should be weighted. The actual weights were assigned by the Special Planning Division, upon the recommendation of a committee of officers representing Army Service Forces, the Air Force and Ground Forces.*

It was clearly specified in the over-all demobilization plan that military necessity should outweigh other considerations and that theatre commanders were authorized to retain "essential personnel" no matter what their point scores might be. If field commanders did not in fact take full advantage of this authority, it was not because of pressure from social scientists but rather resulted from Congressional pressures and the very vocal outcries of wives and mothers for the release of their husbands and sons. Clear evidence supporting this will be found in the January 16, 1946, issue of the *New York Times*.** It was on this date that General Eisenhower, then Commanding General of the European Theatre, and Admiral Nimitz appeared before an extraordinary joint session of the two houses of Congress to answer demands that soldiers be returned from Europe more rapidly.

It was implied that the activities of the Research Branch of the Information and Education Division were in direct defiance of the Secretary of War and as proof a directive issued by the Army in May, 1941, was quoted.

The fact is that this regulation was issued primarily to protect the Army against the incursions of outside "pollers" who wished to use soldiers as a captive audience. The Secretary of War quite rightly outlawed such activities as soon as they were brought to his attention. A subsequent regulation is-

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* All these events antedate the creation of the Department of Defense.

** A single paragraph from an earlier issue of the *Times* (January 9th), illustrates the point: "Letters from GI's bearing 'No boats, no votes' stamps and from organized 'Bring Daddy Home Clubs' piled up in legislators' letter boxes in what was termed the greatest volume of mail in Congressional history. Some Congressmen talked of introducing legislation to force the Army to release men with eighteen months' service, dependents, or a desire to go to school."

sued by the Army specifically authorized the Information and Education Division* to conduct studies of soldiers' opinions and attitudes and certified such studies as useful and necessary for the proper conduct of certain established Army activities. This regulation reads as follows:

> "*Sample surveys.*—Planning-surveys and experimental studies of specific morale problems provide an accurate method of determining soldiers' mental attitudes and the extent to which the factors considered in these regulations influence the morale of the individual. Such surveys and studies should be based on the questioning of scientifically selected cross sections of troops under conditions which protect the anonymity of the individual. This research provides a necessary scientific check on personal impressions, and aids in the interpretation of statistical data from official records. The making of such sample surveys and experimental studies is the responsibility of the Director, Special Services Division,* Services of Supply."

This regulation was published in the War Department, MR 1-10, March 5, 1943, (Paragraph 43d, page 17).

It was implied that data resulting from opinion surveys or "polls" is "unscientific." As a matter of fact, survey techniques are widely used by many of the leading industrial firms in the country. For the past five years, the economic forecasts of the Federal Reserve Board have been based to a very large extent on careful estimates of the intentions of consumers with respect to future purchases and future savings. These data are supplied by the Survey Research Center of the University of Michigan, one of the leading centers for the scientific study of attitudes and opinions, under contract with the Federal Reserve Board.

Social scientists made important contributions in World War I long before any of the foundations were active in these fields. Much of our present knowledge in the field of psychometrics is an end product of the pioneering work done by Guthrie, Miles, Bingham, et al., who were called on by the Adjutant General of the Army in 1917 to set up a system of classification for the Army. Similarly, the statistical procedures which now enable the General Staff of the Army to keep track of its day-to-day business were initiated by two economists, the late Leonard Ayers of Cleveland and W. Randolph Burgess, present Deputy to the Secretary of the Treasury.

If the Army has indeed been "invaded" by social scientists, the record should show that the invasion began when the authors of *The American Soldier* were still in knee pants.

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* See footnote page 106 *supra*.

V. *Report of the Commission on Social Studies*, American Historical Association

In 1934 the Commission on Social Studies, an *ad hoc* group set up by the American Historical Association, published the final volume in a series of reports on the social studies field. This final volume, entitled *Conclusions and Recommendations*, has been discussed and quoted at some length in these hearings. It may be useful therefore to state what the book is about and describe the circumstances surrounding the Carnegie Corporation grant which made the book—and indeed the whole series of studies—possible.

The book does not advocate socialism. The authors did repeatedly record the observation that the United States *appeared* to be moving from an era of extreme individualism to an era characterized by far greater emphasis upon economic and social planning. This was an accurate observation.

The worst that can be said is that the authors not only reported this trend but appeared to accept it cheerfully. What they were accepting was not socialism. It was the New Deal.

The book was written in the depths of the greatest depression this country has ever known. The mood of the book was the national mood at that time. Those were the days of bread lines, soup kitchens and coal doles; of men selling apples on street corners or peddling cheap kitchenware from door to door; of fifteen thousand bonus marchers encamped on Anacostia Flats; of nearly thirteen million unemployed.

Shall we now deny that there was at that time a widespread disillusionment concerning our economic system, or that men were energetically seeking new solutions to a desperate situation? Or if we admit those facts, shall we seek now at the height of our prosperity to reproach all those who shared the doubts and hopes of that time?

Since the word "collectivism" is used frequently throughout the book, it is useful to note that Charles Beard, in a letter to Frederick Keppel, then President of Carnegie Corporation, said that he had chosen the word because it "avoids the connotations of socialism and Communism." Whether his choice was a wise one may be debated, but his intention is clear.

So much for what the book says. The relationship of Carnegie Corporation to the project remains to be clarified.

The Carnegie Corporation was first approached by Dana Carleton Munro, a medieval historian and well-known authority on the Crusades. The approach was made in behalf of the American Historical Association, one of the older scholarly societies in America, and without question one of the most honorable. The group of historians who had developed the project within the

American Historical Association numbered among its members some of the most distinguished university professors of the time—Charles Beard of Columbia, Isaiah Bowman of Johns Hopkins, Guy Stanton Ford of Minnesota, Charles Merriam of Chicago, and Carleton J. H. Hayes, also of Columbia. All were men of great integrity and of high reputation as scholars.

In the early years of the study there appeared no foreshadowing of the political and economic views which characterize the final volume. But had the Corporation seen the draft of the manuscript, it would not have sought to alter these views. The Corporation made its grant to the American Historical Association. The Association selected the members of the Commission. The members of the Commission were responsible for the book. The fact that the Corporation has the power to grant or withhold funds does not give it the power to censor or rewrite the works produced under its grants. This means, obviously, that works will be supported by Corporation grants containing views that differ from those held by Trustees and officers of the Corporation. This is as it must and should be. The alternative is thought control.

What actually happened was in the healthiest tradition of American life. Of the sixteen members of the Commission, four declined to sign the document. This disagreement was not in any way concealed. On the contrary, it is mentioned in an introductory note at the beginning of the volume. Furthermore, each of the men who declined to sign was invited to submit a dissenting opinion to be printed over his signature along with the report. None took advantage of this opportunity. One individual who did sign—Isaiah Bowman—prepared a vigorous statement dissenting from many of the "conclusions." This, too, was given full publicity. In fact it appears as Appendix C in the *Conclusions and Recommendations*.

Mr. Keppel, President of the Corporation, expressed his private reservations concerning the final volume. In a letter to one of the authors of the book, Mr. Keppel says, "Frankly, I think that the report in its final form is a fairly vulnerable document, but I am not sure that in the long run that is not going to be a good thing . . . The fact that the report was not signed unanimously does not trouble me very much, nor the fact that I would have dealt with some of the material quite differently if I had been writing it myself."